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**SURVEY OF  
INTERNATIONAL AFFAIRS  
1934**

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# SURVEY OF INTERNATIONAL AFFAIRS 1934

BY

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ASSISTED BY

V. M. ROULTER

Through wood and dale the sacred river ran,  
Then reached the caverns measureless to man,  
And sank in tumult to a lifeless ocean;  
And 'mid this tumult Kubla heard from far  
Ancestral voices prophesying war.

SAMUEL TAYLOR COLERIDGE

Almighty God, the Father of our Lord Jesus  
Christ, who desireth not the death of a sinner,  
but rather that he may turn from his wickedness,  
and live. *The Book of Common Prayer*

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## PREFATORY NOTE

THE international history of the year 1934 brought forth a number of sensational events which did not produce immediate catastrophic consequences, as well as a number of quieter and more gradual developments which were possibly fraught with more momentous consequences for a rather less immediate future. The first of these two categories of events is represented by the forcible suppression of the Social-Democratic Party in Austria and by the assassinations of Dr. Dollfuss and King Alexander; the second is represented by the reversal in the direction of the Soviet Government's foreign policy which culminated in the entry of the Soviet Union into the League of Nations; by the tentative enunciation of a 'Japanese Monroe Doctrine' with respect to China, if not to the whole of the Far East; and by the emancipation of 'Iraq from the post-war mandatory régime—a transaction which, as it turned out well or badly, would either accelerate or retard the movement for a similar emancipation of other mandated territories of the 'A' class.

On the economic plane, the countries which had been the first to feel the full severity of the World Economic Depression were beginning, in 1934, to find themselves in easier circumstances, while those which had been the latest to be affected were now undergoing some of the hard experiences through which their neighbours had already passed. It was thus becoming evident that there was a rhythm in the movement of the depression—a rhythm to which all countries alike were subject, at whatever moment the disturbance had happened to overtake them severally. What remained uncertain still was the movement's duration. The Australian body economic, for example, bore in 1934 the appearance of a ship which had just been swept by a wave and was now emerging again from the deluge, with her hull all quivering from the shock and her bows still streaming as they once more breasted the air. It was a moment of relief; yet no one on board could tell whether the wave which had just been traversed without shipwreck was the whole of the disturbance or whether there was a long succession of breakers ahead.

In the arrangement of the present volume, world economic affairs have, as usual, been given the first place, but Europe has not retained its conventional precedence in the series of regional parts. The order this year has been determined by the accident of the dates at which the various chapters happened to be ready for the printer; but it may also serve as a timely reminder that the predominance of Europe in

the world was a recent phenomenon which, in 1934, seemed likely to be transitory.

The necessity of taking up the international history of the Middle East in this volume, owing to the importance of the emancipation of 'Irāq, has provided an opportunity for bringing up to date the record of Middle Eastern affairs of which the last instalment before this was given in the *Survey for 1930*.

In this volume, as in the last, the economic chapters have been written by Mr. H. V. Hodson and the Far Eastern chapters by Mr. G. E. Hubbard, while another scholar who, like them, has the expert's knowledge of his subject—Professor H. A. R. Gibb—has contributed the chapter on the Islamic Congress at Jerusalem. The rest of the present volume has been written by members of the staff of the Royal Institute of International Affairs; and, besides the two whose names appear on the title-page, Miss K. Duff has again contributed. Her chapter on the Saar in the present volume, like her chapter on Cuba in the *Survey for 1933*, covers a much longer period than the single year in which the story comes to a head.

ARNOLD J. TOYNBEE.

August 1935.

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# PART I

## WORLD ECONOMIC AFFAIRS

By H. V. Hodson

### (i) Introduction

ONE day at the end of 1934 the news included two important items concerning the financial and economic situation of Europe. First, Italy had adopted measures for the mobilization of Italian investments abroad, in defence of the lira; second, the Austrian 'stand-still' agreement was to lapse, most of the credits it covered having been already repaid, and normal financial relations having been restored with the outside world. The contrast attracted little notice, but it was highly noteworthy as a sign of the economic times. On the one hand, Italy had pursued, with the coercive thoroughness of the corporative state, a course of deflation designed to adjust her economy to the fall in world prices. On the other hand, Austria had been struck an early and numbing blow in the Credit-Anstalt crisis of 1931; she had been forced into technical default on her 'League' loan; and she had undergone political turmoil, economic reprisals and grave external menaces. Yet it was Austria and not Italy who was releasing her economy from 'crisis' controls, Italy and not Austria who was taking stern measures to defend her currency against an insidious weakness.

Contrasts as striking could be drawn elsewhere. In 1934 the countries of the world might be said to form two groups: those whose internal economic activity was being stimulated by an expansionist monetary policy behind a depreciated exchange, and those which were forced to adopt a contractionist policy in order to defend themselves against the depreciated currencies of their customers and their commercial rivals. It seems worth while inquiring at the outset on what theoretical basis the contrast between the experience of these two groups may be explained. It had been regarded as an axiom of economic theory that no country could make itself wealthy at the expense of others; further, that the competitive advantage given by currency depreciation would wear off comparatively quickly, as internal costs adjusted themselves to the weakened exchange rate. These were propositions which the events of 1934 appeared to contradict.

The contradiction, however, was to a large degree superficial. A

great part of the exchange advantage secured by the countries which forsook the gold standard was indeed nullified by relative movements of internal prices. Between August 1931 and August 1934 the value of sterling in terms of French francs fell by over 38 per cent. Had this been the measure of Great Britain's gain in competitive power in international trade, then France's handicap would have been almost insupportable. Meanwhile, however, the index of wholesale prices of industrial products in Great Britain had risen by 8 per cent., while the corresponding index in France had fallen by 22 per cent. No exact conclusion can be drawn from a comparison of indices constructed in different ways from different sets of commodities, but on this reckoning Great Britain's competitive power was enhanced to the tune of no more than 15 per cent. of former prices. This might be taken as the measure of the previous over-valuation of the pound, and if this were correct then the net result would have been to put France and Great Britain on an equal footing.

Nevertheless, the calculation conceals a further important fact which could be thrown into the other side of the argument. It was recognized that just as, when wholesale prices fall, retail prices lag behind, so, when wholesale prices begin to mount again, retail prices rise more slowly and may even go on falling for a time. Thus in the same period (August 1931 to August 1934), retail food prices in Great Britain actually fell by 4 per cent., against a 20 per cent. fall for retail food prices in France. There were special as well as general reasons for the contrast between the movements of these two sets of price indices. A great part of the food supplies of Great Britain was drawn from countries (especially the British Dominions and Scandinavian countries) whose currencies had depreciated against gold in at least as great a degree as had sterling. Hence the mere fact of the fall of the pound did not serve automatically to increase their price. On the other hand, in the face of cheap imports from countries with depreciated exchanges, France had resorted to further measures of protection for her own agriculturalists, with a consequent strengthening effect upon internal prices. Had not Great Britain adopted certain similar protective measures for her home agriculture, the contrast might have been still more striking. The cost-of-living figures amplify the evidence of the retail price indices; for whereas between September 1931 and September 1934 the British index of the cost of living fell by  $1\frac{1}{2}$  per cent., in France the corresponding index fell by no more than 8 per cent. We may summarize these calculations thus: Great Britain's proportionate competitive advantage on the basis of exchange rates, 38 per cent.; corrected for move-

ments of wholesale prices, 15 per cent.; corrected for movements of retail food prices, 25 per cent.; corrected for movements of the cost of living, 34 per cent.

Thus while in Great Britain the 'scissors' of wholesale prices and the cost of living were opened wider, in France they were forced together. Broadly, the former 'blade' might be regarded as a measure of the capacity of industry to pay wages, the latter 'blade' as a measure of the wage-level needed to maintain a given standard of life. Hence it was not surprising that whereas in 1934 unemployment diminished in Great Britain, while average wages increased, in France unemployment grew worse in spite of a steady pressure towards a reduction of wages.

Mass unemployment introduced a complication into the thesis that no country could gain in wealth at the expense of its neighbours. Possessing idle resources of man-power and capital equipment, a country could advance in prosperity, through a greater employment of those resources, without any increase of wealth—using 'wealth' in the sense of economic capacity, industrial efficiency and ability to procure goods abroad. Indeed, such a country might increase its industrial turnover by dint of measures that actually diminished its wealth in this sense. Furthermore, these measures might be of such a kind as to injure not merely the 'wealth' of foreign countries, but also their ability to find fuller employment for idle men and stagnant capital. Thus, although, for instance, an increase of tariff protection might mean a loss of exports equal to the cut in imports, capital expansion in the protected industries might well cause a decrease of unemployment and a secondary stimulus to the consumption goods industries. At the same time, although the countries whose goods were thus excluded might adopt defensive measures in return, they might not be able similarly to readjust their internal economies.

Where the initial move was not a raising of tariffs but a fall of the exchange, no equivalent retort was possible. Exchange depreciation is essentially relative, and all currencies cannot simultaneously depreciate against each other. Moreover, in this case a further stimulative factor came to the aid of the depreciating country; for, being loosed from the restraints imposed on monetary policy by the need for preventing an outflow of gold, it could pursue a liberal credit policy on the foundation of reserves whose nominal value could be written up. It seems likely, indeed, that monetary expansion, being both cause and consequence of exchange depreciation, was of more account in the economic revival of the off-gold countries than was the enhancement of their international competitive power. In this

fashion the facts may be reconciled with the theoretical axioms with which at first sight they seemed to conflict.

In the pages that follow, the experience of several different groups of countries is examined, with special reference to the effect of relative exchange movements upon their economies. First must come the United States, since she deliberately employed exchange depreciation as an instrument for internal recovery. Then, by contrast, we turn to the European 'gold bloc', whose members might be presumed to be the principal sufferers from the American policy of forcing up the price of gold. The members of the gold bloc were for the most part creditor countries; hence separate attention must be given to Germany, as a representative of debtor countries which chose to maintain the nominal parities of their currencies, while imposing stringent control on all exchange operations. On the other hand, there were debtor countries like those of South America which, after a period of artificial exchange regulation, allowed their exchanges to fall under economic pressure. In many ways similar, but with common characteristics of their own, were the British Overseas Dominions, which form the last group here examined.

### (ii) Difficulties in the United States

The narrative of economic developments in the United States in the last volume of the *Survey* broke off at the revaluation of the dollar, at 59.06 per cent. of its former gold content, on the 31st January, 1934. This event marked the end of one phase of American economic policy and the beginning of another. Though imports of gold into the United States continued throughout the year (excepting a period in the early autumn), the abnormal flow that immediately followed the revaluation came to an end before March was out. Thereafter, until a scare was raised in January 1935 when it seemed possible that the Supreme Court would give a decision inimical to the suspension of the 'gold clause' in contracts and bonds, the external currency relations of the United States did not enter prominently into public controversy, nor in any striking measure did they affect her internal economy.

Indirect consequences of course there were, both at home and abroad. While the under-valuation of the dollar meant trade difficulties and losses of gold for foreign countries, for the United States it meant both a release of internal economic policy from almost all monetary restraints, and a growing surplus of exports over imports. In the first ten months of 1934 her outward balance of commodity

trade amounted to \$396,000,000, compared with \$111,000,000 in the same period of 1933, and a further credit of \$82,000,000 was added in the last two months of the year. It was no wonder that net imports of gold between April and December amounted to \$445,000,000. Imports of gold in February and March, totalling \$690,000,000, had exceeded the net losses of the previous two years by about \$70,000,000. Hence, broadly speaking, the United States took payment for her 1934 excess of exports entirely in gold.

It might have been supposed that with rising exports and with a credit policy freed from fears of gold losses—indeed backed by mounting gold reserves—the United States would have enjoyed a progressive industrial advance. But this was not so. Between October 1933, when the gold-buying policy was initiated, and October 1934, the index<sup>1</sup> of production in manufacturing industries fell from 76 per cent. to 73 per cent. of the 1923–5 average. The index<sup>1</sup> of mineral production stood at the same figure (81 per cent. of 1923–5) at the end as at the beginning of those twelve months. Factory employment and pay-rolls showed a slight improvement, but not enough to compensate for the increase of population and the rise in prices; for retail food prices were over 8 per cent. higher in October 1934 than they had been in October 1933. The conclusion can scarcely be escaped that the workers attached to factory industry were, if anything, worse off at the end of 1934 than they had been when the new currency policy was initiated; unemployment was as bad among them as it had been a year earlier, and their wages could buy less.

Why were expectations thus falsified? Two main reasons stand out among many; the first was the hindering of industrial recovery by labour disputes, and the second, which arose in some measure out of the first, was the insufficiency of business confidence. Cheap money and inflated purchasing power failed to persuade the directors of enterprise that capital expansion was timely. Industries producing capital goods lagged far behind those producing goods for consumption, and the iron and steel trade in particular fell back, in the summer of 1934, into almost as deep a depression as it had experienced in the worst days of the slump.

Industrial disturbance was, perhaps, inevitable when a measure of the scope and character of the National Industrial Recovery Act was applied to a country like the United States. It was not that the provisions of the Act were socialistically very far advanced by standards of practice in, say, Great Britain or in Germany; but they were superimposed upon an individualist tradition and a code of

<sup>1</sup> Indices adjusted for seasonal variations.



competitive capitalism which had bitten deep into national thought and conduct. In particular, trade unionism and the principle of collective bargaining, which were contemporarily regarded by the general public in Great Britain, not merely as normal, but indeed as beneficent features of industrial life, had been regarded by the mass of Americans outside the unions themselves with distrust and animosity. The American Federation of Labor and its constituent unions had not been imbued with the doctrines of militant socialism and the class war, though industrial depression, widespread unemployment and the general attack on wage standards drove the Federation to a more radical and more defiant attitude.

The organizations linked in the A.F.L. were for the most part those of comparatively well-paid, skilled artisans. One of the reasons for the weakness of trade-union organization in poorly paid unskilled occupations was the fact that labour of this class had been largely recruited from among the immigrant population. Not only were these immigrant workers often prepared to accept lower wages than native-born Americans; their continual influx at the lower levels of the economic and social scale prevented the emergence of a stable industrial proletariat informed with class consciousness. The slowing down of immigration after the War was already altering the foundations of the American social system. The slump, by destroying hopes of rapid progress up that economic and social scale, and by afflicting even the highly paid and successful worker with the chronic fear of unemployment, changed the scene beyond recognition. The electoral triumph of President Roosevelt, with his brief for the 'forgotten man', was followed by the passage of the National Industrial Recovery Act, with its clauses giving Government endorsement to trade unionism and Government sanction to the fruits of collective bargaining. The trade unions, with their new sense of working-class solidarity, and their new socialistic aspirations, were in an aggressive and ambitious mood.

#### (a) STRIKES

All three major labour disturbances in the United States in 1934—the motor-industry dispute in March, the San Francisco general strike in June, and the textile strike in September—as well as the intermittent and often serious troubles in the steel industry, may be traced more or less directly to the question of trade unionism and of the workers' representation for the purpose of collective bargaining. Section 7 (a) of the National Industrial Recovery Act laid down that employees should have the right to organize and bargain collectively

through representatives of their own choosing, and that no employee should be required, as a condition of employment, to join any company union or to refrain from joining a labour organization of his own choosing. In so far as this section could have been enforced, it would have put a stop to the practice, then extensive among employers, of compelling all their employees to belong to a company union (i.e. a union limited to the particular concern, and suspect by Labour—not always unjustifiably—as subservient to the employer's interests), or of forbidding them to belong to other unions. On the other hand, it left exposed a wide area of possible dispute over the question who should represent the men in collective bargaining and in the elaboration of National Recovery Administration codes—the company unions, the craft unions represented in the American Federation of Labor, or national industrial unions of which the Amalgamated Clothing Workers Union and the United Mine Workers were the chief examples.

In the motor industry, Mr. Henry Ford, ever an obdurate opponent of trade unionism, had fought in 1933 a winning battle against strikes and threats of strikes, even against the N.R.A. in all its early power; for although he conformed to (and often bettered) the provisions of the motor-industry code concerning hours and wages and working conditions, he refused to recognize the validity of its collective bargaining clauses, and disdained to qualify for the Blue Eagle. The consequent penalties he met with equanimity. In March 1934 the union question broke out again, the motor manufacturers having refused to recognize, or to sign contracts with, any union affiliated to the American Federation of Labor. A strike of all grades of labour was threatened by the Federation on the 21st March, but was postponed through the personal intervention of the President, in order that conferences with representatives of employers and workers might be held at the White House. The employers had forestalled popular attack, and had concentrated attention on the company union issue, by previously conceding the President's plea for a cut in working hours from forty to thirty-six per week without reduction in pay. On the 25th March an agreed settlement was reached. A board was to be set up immediately, with final binding powers in all questions of 'representation, discharge and discrimination', and with access to pay-rolls on the one hand and trade-union lists on the other; the board to consist of one representative of Labour, one of the employers, and a neutral chairman. The Government, declared Mr. Roosevelt,

makes it clear that it favours no particular union or particular form of employee organization or representation. The Government's only duty

is to secure absolute freedom of choice, without coercion, restraint or intimidation from any source.

The employers agreed, not only not to discriminate against any employee on account of his union membership, but also, in the event of a cut in the labour force, to lay off no greater proportion of non-company unionists than of other employees. The President expressed a hope that this 'works council' plan, and other principles of the settlement, would develop into a model for other industries. At the end of June a grave strike which threatened in the steel industry was averted (this time through the mediation of Miss Perkins, the Secretary of Labour), by the appointment of a board of three impartial arbitrators who in future were to settle differences between employers and work-people.

The similar board appointed by the President to mediate in the longshoremen's strike on the Pacific coast did not meet with equal success. The rights and wrongs, and even the precise issue, of the original dispute were obscure—or certainly appeared so from a distance—but it soon developed into a battle over the character of employees' representation. Other unions in San Francisco and other Pacific cities took up the longshoremen's case, and on the 14th July, 1934, after a series of sympathetic strikes, delegates of 115 unions decided by a majority (not counting abstentions) to call a local general strike as from 8 a.m. on the 16th July. The President was then on holiday, cruising in the Pacific. The strike began at the appointed time. Thousands of people, fearing a shortage of food, had already left San Francisco and Oakland. Four thousand national guardsmen, equipped with tanks and a field artillery unit, were stationed on the water-front, while 1,800 regular and special policemen were mustered to prevent any outbreak of violence. The Strike Strategy Committee, which expressed the intention of keeping the strike a 'managed' one, had its own patrols in the streets to prevent excesses by strikers. It permitted the delivery of milk and bread and of supplies to hospitals and other public institutions. Petrol proved one of the scarcest and most necessary commodities that were held up. On the 17th July the Committee passed by a narrow majority a resolution appealing to the President to intervene, on the basis of the submission of all questions involved in the water-front dispute to arbitration by the President's Longshore Board. On the 19th they voted to end all sympathetic strikes, after the President's Board had promised that the maritime unions, which had accompanied the longshoremen on strike, would get full consideration in the arbitration.

The strike, though most intense in San Francisco, had extended over most of the Pacific coast north of Los Angeles. It had provoked some bloodshed and much public bitterness, but it had been on the whole orderly, and not unsuccessful in forcing to an issue a dispute that for many weeks had poisoned industrial relations and injured trade and industry in the Far West.

On the 1st September, 1934, a great strike began in the textile industry, 400,000 to 450,000 employees obeying the call to cease work. The first of the several issues involved was the familiar one of trade-union recognition—the demand that the employers and the code authorities should accept the United Textile Workers as the sole collective bargaining agency of the industry. Before the régime of N.R.A., this union had had a membership of some 20,000; but by May 1934 it claimed a membership of about 300,000 in the cotton textile industry alone. Other demands of the strikers included the creation of effective machinery for enforcing the labour provisions of the N.R.A. code, the same pay for a 30-hour week as had been fixed under the code for a 40-hour week when the industry was running fuller time,<sup>1</sup> and the regulation of the ‘stretch-out’ in the interest of the workers.

The strike was bitter and bloody, especially in the South, where wages were a good deal lower than in the New England mills. In the course of it, sixteen people were killed and 200 wounded. For various reasons, chiefly the incompleteness of trade-union organization and membership, the strike was never more than partial, and the men were further handicapped by shortage of money. Federal relief funds, on which they had counted, were in most cases refused to strikers. After three weeks the strike was called off. A Federal board of inquiry had presented a report recommending that a Textile Labor Relations Board should be set up; that the Department of Labor should make a study of wage conditions; that the Labor Relations Board should appoint a subsidiary board to deal with the ‘stretch-out’; but that meanwhile individual work-loads should not be increased. The contemplated official superintendence of wage and labour conditions was distasteful to the employers, but on the main issue of trade-union recognition the work-people were unable to secure the support of the board of inquiry, which declared that ‘an industry-wide collective agreement between the employers as a group and the United Textile Workers’ was not at that time ‘feasible’.

Thus, the principal labour disputes in 1934 had been settled with-

<sup>1</sup> The index of production in the textile industry fell by no less than 42 per cent. between June 1933 and June 1934.

out exception through Government mediation, usually by way of the nomination of an arbitral board to settle either the immediate issue or future labour differences in the industry concerned. That this approach to industrial relations had become an accepted item of the Administration's policy was confirmed by President Roosevelt in his 'fireside' broadcast on the 30th September. He then declared that he would seek, in the conferences that he intended forthwith to hold with Capital and Labour, assurances of

the making and maintenance of agreements which can be mutually relied upon, and under which wages, hours and working conditions may be determined, and any later adjustments shall be made, either by agreement or, in the case of disagreement, through mediation or arbitration by State or Federal agencies.

He intended, he said, to inaugurate 'a specific trial period of industrial peace'.

Yet conciliation and arbitration, successful as they might be in particular industrial disputes, clearly could not solve the main problem of trade unionism and of Section 7 (a) of the Recovery Act. On the 8th October the American Federation of Labor formally approved a report of its Executive Council which referred to the 'disillusionment' of Labour with the working of Section 7 (a), in so far as many employers were refusing to allow collective bargaining by their employees. It instructed the Executive Council to obtain legal outlawry of company unions, and to press for such modifications of the National Industrial Recovery Act and especially of Section 7 (a), as to make impossible 'official misinterpretation' of the law. On the same occasion the Federation unanimously resolved to make the 30-hour week in all industry a paramount objective of its policy. Meanwhile the unfortunate Section 7 (a) had been subjected to severe legal buffeting. On the 20th March, 1934, the Federal Government sought an injunction in the Delaware Federal Court against the Weirton Steel Company, under Section 7 (a) of the National Industrial Recovery Act, on the ground that the company had attempted to frustrate the workers' right to collective bargaining by forcing them into a company union, created, financed and dominated by the management. It was alleged that the company had prevented the men from joining the Amalgamated Association of Iron, Steel and Tin Workers by threatened or actual discrimination against unionists. The Weirton Steel Company contended that the intimidation had been committed, not by them, but by the Amalgamated Association; the latter, they alleged, had demanded a 'closed shop', which was not warranted by Section 7 (a) of the National Industrial Recovery Act.

The respondents further argued that this section of the Act was unconstitutional, since it purported to assert the authority of Congress in a field of commerce other than that allotted to it by the Constitution, namely, interstate and foreign commerce only. On the 24th February, 1935, the Federal Court at Wilmington gave judgment. The court upheld the Company's main contention, declaring that Section 7 (a), as applied in this instance, was unconstitutional and void. This decision opened up the prospect of a further series of damaging disputes over the principles and practice of collective bargaining.

But still more damaging to the whole system of labour relations under the New Deal was the Supreme Court's decision in the *Schechter* case, which will be mentioned more fully later in connexion with N.R.A. as a whole. Briefly, the decision applied to the major provisions of the National Industrial Recovery Act the same constitutional ruling as the Wilmington Court had applied to Section 7 (a). Whether labour disputes would be diminished or aggravated by the absence of a general legislative sanction to which to appeal remained to be seen. It was at least arguable that Section 7 (a), however valuable to the wage-earners, had been a source of friction rather than of peace in American industrial relations.

#### (b) CHANGES IN N.R.A.

Experience of the operation of the National Industrial Recovery Act was scarcely more encouraging in other directions. In his message to Congress on the 3rd January, 1934, Mr. Roosevelt declared that in N.R.A. they had created 'a permanent feature of our modernized industrial structure', and that it would continue under the supervision, though not the arbitrary dictation, of the Government itself. He praised the Act for the restoration of millions of unemployed to work, for the abolition of child labour, and for the self-organization of industry on the strength of a greater understanding that reasonable profits were compatible with adequate wages and proper conditions of work.

We seek [hesaid] the definite end of preventing combinations in furtherance of monopoly and in restraint of trade, while at the same time we seek to prevent ruinous rivalries within industrial groups, which in many cases resemble the gang wars of the underworld, and in which the real victim in every case is the public itself.

Three months later, when he delivered himself again on the broad implications of N.R.A., his stress was not on the control of competition but on the stimulation of employment.

The whole objective of the N.R.A. is to raise public purchasing power [said the President]. With millions still unemployed, the purchasing power of the people is still greatly curtailed. It can only be increased and sustained by striving for the lowest schedule of prices on which higher wages and increasing employment can be maintained. The Government cannot for ever continue to bear the whole burden of unemployment.

And by the 30th September, on the occasion of his broadcast 'fire-side chat', his enthusiasm for the permanence of N.R.A. had been whittled down to a declaration that 'those functions of the Act which have proved of worth will be made part of the permanent machinery of government'.

The fact was that in 1934 the remorseless harrow of events had exposed to the day the buried inconsistencies of the N.R.A. scheme. Three main motives had animated its construction—the belief of certain business leaders in 'industrial self-government' for the regulation of competition; the need for legislation (like the Factory Acts and the Trade Boards Act in Great Britain) to protect the workers against the effects of chaotic competition, especially in times of depression; and the theory that unemployment could be diminished by spreading more extensively the available volume of work (by shortening hours, abolishing child labour or lowering the retirement age). This last theory was generally combined or confused with the 'high wages theory', the theory that high wages meant increased purchasing power, which in turn meant higher profits. Such a criss-cross of motives was bound to lead to conflicts in practice. One by-product has already been noted—the reduced purchasing power of individual earnings, through the greater rise in the cost of living than in average factory wages. The high wage theory was trapped in reverse gear. Still more paradoxical was the spectacle of the N.R.A. authorities obtaining (for instance in the dyeing and cleaning industry) injunctions to stop trading at prices lower than those specified in the codes, while another department of government was simultaneously seeking process against meat-packing companies and others, whom it accused of conspiring to manipulate and control prices.

The history of N.R.A. in 1934 was largely the story of the reconsideration, and eventually of the practical abandonment, of the price-fixing provisions of the codes. At the end of February, General Hugh Johnson, the Administrator under the Act, called a conference of representatives of the different industrial codes to report and discuss how they were working. When it opened, General Johnson propounded a list of twelve specific reforms which his department regarded as necessary on the basis of information that they had already

received. These included further reductions in hours of work and further increases in wage-rates, the better protection of small enterprises against monopoly, the co-ordination or amalgamation of codes in associated industries and more effective prevention of sales below costs of production. On the general price-fixing issue, however, he was equivocal, perhaps wisely, for the complaints voiced at the conference were for the most part directed against this aspect of the codes. The Consumers' Advisory Board established under the Act presented a scathing report, declaring that the effort to increase purchasing power through N.R.A. had too often been nullified by excessive increases in prices, assured or facilitated by monopolistic practices authorized or encouraged by the codes. It was at this juncture that the President delivered the speech quoted above, declaring that they should strive for 'the lowest schedule of prices on which higher wages and increasing employment can be maintained'. Some weeks later there was published the report of the National Review Board, under the chairmanship of Mr. Clarence Darrow, appointed by the President to ascertain whether any N.R.A. codes were 'designed to promote monopolies or to dominate or oppress small enterprises'. This nominally interim report was savagely hostile to the existing practice under N.R.A. One section of the Board's members demanded revival of the anti-trust laws (from which codified industry had been released), while the other demanded a 'planned economy', with socialized ownership and control of industry.

On the 7th June the National Recovery Administration announced that it would no longer fix prices in its codes of fair practice for industry, except in well defined emergencies, and that it would move by negotiation to get industries already coded to modify their bases for fixing prices. The voice of the consumer continued to be heard in the land, most trenchantly through the mouths of Senators Borah and Nye; meanwhile the price-fixing provisions of the N.R.A. codes were allowed to fall into neglect, and when, in December, official plans for a revised N.R.A. were published, the price-fixing element had practically disappeared. At the end of September General Johnson had resigned from the position of Administrator, and the post was replaced by two boards, one for general policy and one for administration. Mr. Donald Richberg succeeded the General as 'chief of staff' in the N.R.A. It was in this phase of transition and doubt that the story of N.R.A. passed out of 1934 into 1935. Midway through the latter year the National Industrial Recovery Act, adopted as an emergency measure with two years' life, was due to expire, and the prospect of rewriting it as part of the permanent framework



of American legislation was giving rise to much propaganda and debate. The Darrow Committee had pointed out the inevitable choice of economic designs—*laissez-faire* in the interest of the public as consumers, or Socialism in the interest of the public as workers. The straddling policy of regulated monopoly under N.R.A. had failed to appease either side. Nevertheless, the degree of its acceptability in spite of criticisms, and of its importance in spite of evasions and retreats, was vividly displayed by the confusion that arose when the constitutionality of the Act's main provisions was denied by the Supreme Court in its decision of the 27th May, 1935, in the *Schechter* case. A firm of poulterers of that name had appealed against a conviction for violation of the Poultry Code. The eighteen counts against them included alleged infringements of the wages and hours provisions of the Code, and alleged unfair trade practices. The Court unanimously allowed the appeal on all counts, declaring that the conferring of code-making authority on the President and the industries concerned was an unconstitutional delegation of legislative power. The Court further declared that the Federal Congress and Executive had no constitutional right to regulate industries only indirectly engaged in or concerned with inter-state commerce. No decision could have been more completely and finally hostile to the operative principle of the National Industrial Recovery Act. Whatever might come in the future, and however skilfully the Administration might find means of circumventing the constitutional obstacles, one stage of the New Deal was thus brought to a sudden close. Ignominious as its end may have been—condemned to death as a pretender to constitutionality—N.R.A. had made, for good or ill, a profound and lasting impress upon American economic life.

### (c) THE NEWER DEAL

On the 18th June, 1934, the seventy-third Congress of the United States adjourned *sine die*. This was the Congress elected at the same time as President Roosevelt himself, and called by him into special session in the fateful days of March 1933. Its departure from Washington marked the end of the second phase of the New Deal; the first was the emergency phase, the second the phase of legislative consolidation. Several of the legislative enactments of 1934, of course, rounded off or reinforced the policies adopted in the emergency period; such, for instance, was the Bankhead Cotton Control Act, imposing a penal tax upon farmers whose cotton production should exceed an allotted quota which had been fixed with a view to clearing stocks and raising prices; or the Gold Reserve Act, the foregone

conclusion of the suspension of the gold standard and the purchase of gold at home and abroad at progressively mounting prices. Other Acts projected the policies of the New Deal into new fields. There was the Housing Act, authorizing the Federal Government to extend loans for building and to guarantee mortgages on houses to a total of more than \$3,000,000,000. There were the measures subjecting stock and commodity exchanges to official control. There was the Silver Purchase Act, which declared it to be the policy of the United States to keep 25 per cent. of its monetary reserves in silver, and instructed the Treasury to purchase silver so as to put this policy into effect.

Each of these three measures (which have been selected partly for their representative, partly for their intrinsic, importance) deserves some more detailed consideration. The stimulation of housing with the aid of Government credit was designed not only as a measure of unemployment relief but also as a remedy for a very serious situation in the residential building industry. In 1932 the total of contracts awarded for residential building was little more than one-third of the total in 1931, and in the following year it was lower still. The first six months of 1934 showed practically no improvement, and the consequent effect on the labour market may be gauged from the fact that half-way through the year employment in the brick and tile industry was no more than 30 per cent. of the 1923-5 average. This contrast with conditions in Great Britain, where the corresponding figure was 130 per cent., sheds a good deal of light on the difference between the economic state of the two countries at this period of their tentative recovery from the slump. Building in Great Britain was stimulated by cheap money and by low prices of materials, which more than compensated, as far as total output was concerned, for the withdrawal of part of the Government assistance to the building of working-class houses. In the United States, building was held back by lack of confidence and by inflation of prices under N.R.A. codes. The want of confidence among potential mortgagees was enhanced by the passage of the Frazier-Lemke Farm Mortgage Act, which virtually prevented foreclosure on farm properties for a period of five years. The Act was, however, declared unconstitutional by the Supreme Court on the 27th May, 1935.

The Securities Exchange Act of 1934 was important from an international standpoint largely because it could not be represented, in the familiar phraseology of commentators upon the New Deal, as a 'Recovery' measure, but must be classed under the head of 'Reform'; and it must therefore be presumed to represent a lasting

orientation of American policy. It was the legislative reaction to public distrust and resentment towards the interests summed up under the title of 'Wall Street'—feelings which had been stimulated by some of the evidence given during the Senate's investigation into stock-exchange practices. The public control of transactions in securities was justified in Section 2 of the Act on the ground, *inter alia*, that

national emergencies, which produce widespread unemployment and the dislocation of trade, transportation and industry, and which burden interstate commerce and adversely affect the general welfare, are precipitated, intensified and prolonged by manipulation and sudden and unreasonable fluctuations of security prices and by excessive speculation on such exchanges and markets.

The Act placed the regulation of stock exchanges in the hands of a 'Securities and Exchange Commission' of five members appointed by the President with the consent of the Senate. The authority for fixing minimum margin requirements, however, was to be the Federal Reserve Board. The initial standard requirement (which might be relaxed if the Board thought fit) was 55 per cent. of the current market price of the security, or 100 per cent. of its lowest market price in the previous three years (not being more than 75 per cent. of the current market price), whichever was the higher. The grant of credit in excess of the Board's standard was made illegal. Section 8 imposed restrictions upon borrowing by members of security exchanges or by brokers and dealers acting through them. Such persons might borrow on stock-exchange security only through member banks of the Federal Reserve system, or through non-member banks which should have undertaken to conform to the provisions of the Act, or otherwise as the Federal Reserve Board might allow. The maximum proportion of borrowing to the firm's capital was also to be prescribed. The new Commission was to lay down rules to govern the conduct of securities exchanges, and in particular to prevent the misuse of customers' securities for borrowing purposes, the pegging of security prices, the marketing of options (other than registered warrants), manipulation of the market by short sales or stop-loss order, and the use of 'any manipulative or deceptive device or contrivance'. 'Wash sales', 'matching orders', and 'pools' were made flatly unlawful, together with the issue of false or misleading information for the purpose of swaying the market. A further section aimed, so far as was possible in keeping with American practice, at separating the functions of brokers and dealers, as was the rule on British stock exchanges. The Act also prescribed the nature of the

information required, initially and periodically, from businesses whose securities were registered for stock-exchange transactions. Another important section sought to prevent the practice of letting in the issuer's friends or business associates 'on the ground floor'. The Securities Exchange Act contained as an appendix certain amendments of the Securities Act of 1933, transferring to the new Commission the functions that had been performed under the latter Act by the Federal Trade Commission, and relaxing some of its more stringent provisions.

The effect of these two Acts upon new financing was and remained a matter for argument. Their opponents pointed to the very low volume of new issues on American stock exchanges in 1933 and 1934, and to the connected depression of 'investment goods' industries. Their supporters replied with the fact that, at least until the fourth quarter of 1934, new issues had been equally few in Great Britain, where no Securities Act had complicated the problem. What is certain is that both the Act of 1933 and the Securities Exchange Act expressed the sentiment of the overwhelming mass of the American people, in reaction against the speculative fever of the boom years.

#### (d) SILVER POLICY

The silver policy of the United States Administration impinged more directly upon international relations. At the end of 1933 President Roosevelt made known his decision to ratify the London Silver Agreement,<sup>1</sup> limiting the quantity of silver coming on to the open market. He also announced that in accordance with permissive legislation the Treasury was prepared to buy 24,000,000 ounces a year of newly mined American silver, not more than one-half to be coined and the remainder to be retained by the Treasury for seigniorage. This would give a maximum price of 64·5 cents an ounce to American producers compared with a current open-market price of 43 cents an ounce. This move, though gratifying to the powerful silver interests in the United States, pushed up world silver prices by only a small percentage; for American production represented no more than 15 per cent. of the world output of silver (1932 figures), and the offer to purchase was tendered only to domestic output. In the course, however, of his message to Congress on the 22nd May, 1934, Mr. Roosevelt said:

We have since acquired other silver in the interest of the stabilization

<sup>1</sup> See the *Survey for 1933*, p. 75. Canada and China decided in February 1934 to ratify the agreement, but China was reported to have made the reservation that she would withdraw if the agreement failed to secure its purpose, namely, stabilization of silver prices.

of foreign exchange and the development of a broader metallic base for our currency.

The message was followed by the introduction of the Silver Purchase Bill which aimed at a 3-to-1 ratio between gold and silver in the nation's metallic reserves against currency. The Bill, which was signed on the 19th June, 1934, directed the Treasury to buy silver, up to the required fraction of the reserves, at a price not lower than 50 cents an ounce. It empowered the President to order the nationalization of all silver stocks held in the country—a step which he took on the 19th August following. It authorized the Treasury to issue silver certificates backed by 100 per cent. silver, up to the total of the silver purchased under the Act. The price of silver on American markets, after the implementation of the Act, was virtually pegged at 50 cents an ounce. The London price, which had been 18<sup>9</sup>/<sub>16</sub>d. an ounce just before the announcement of December 1933, rose to 21<sup>7</sup>/<sub>16</sub>d. an ounce when the Silver Purchase Act went into force, and continued to rise; by mid-November it was 25<sup>1</sup>/<sub>4</sub>d. an ounce. Record shipments of the metal crossed the Atlantic, but far more serious in its effects was the drain from China. Between June and August stocks of silver in Shanghai fell from 450,000,000 ounces to 350,000,000 ounces, in spite of constant replenishment from the interior during that period. The American policy was doubly disastrous to China; it directly depleted her monetary reserves and her supply of coin in circulation, and it caused a violent appreciation of her currency on the foreign exchange market, with all its adverse consequences for her external trade. In February 1934, Sir Arthur Salter had written in his report on the Chinese situation as special economic adviser to the Nanking Government:

It is, I think, impossible to examine the record of the last four years without coming to the conclusion that China benefited substantially in 1930 and 1931 from the fact that the depreciation of silver in terms of gold was saving her from currency deflation, and that its appreciation has been a substantial factor in the deterioration of the last two years. In any case it may be said with confidence that a rise in the world price of silver that is out of line with world prices of commodities in general is certainly, in its results, injurious.<sup>1</sup>

The Chinese Government's reply to American policy was to impose, on the 15th October, a sliding-scale tax on silver exports, designed to make export unprofitable at whatever rate of exchange was ruling—in other words, the equivalent of an embargo. The Shanghai

<sup>1</sup> Reproduced in 'China and the Depression' (supplement to the *Economist*, 19th May, 1934).

dollar then fell from 18½*d.* to 16*d.* China had been, in effect, forced off the silver standard as far as her international currency relations were concerned. Though her external difficulties were thus mitigated, the internal deflation continued; for the hoarding of silver went on in the expectation that the currency would be devalued or the export restrictions relaxed. Moreover, the ease and profitability of smuggling rendered the export tax only partially effective in arresting the drain of silver.

The Chinese Government had previously addressed a note to the United States Government protesting against the policy adopted. They stated that China was considering the gradual introduction of a gold-basis currency, and inquired whether in principle the American Government would be willing to exchange with China gold for silver. The Secretary of State replied that free world markets for gold and silver were open, but that his Government were willing to discuss at any time the possibility of inter-governmental transactions. The note continued:

This Government is desirous of so carrying out the programme as to produce the general benefit that would result from the enhancement and stabilization of the price of silver, and to avoid, so far as may be possible, disturbances to the economy and public finances of China. Therefore, in conducting operations under the Silver Purchase Act, this Government, while necessarily keeping within the general purpose of the enactment, will give the closest possible attention to the possibilities of so arranging the time, place and quantity of its purchases as will keep in view the considerations put forward by the Chinese Government in its communication.

However, the further raising of the official buying price for silver in the course of 1935 suggested that a regard for Chinese interests did not rank very high in the influences affecting American policy.

At the time of the passing of the Silver Purchase Act the United States Government's stock of silver was estimated at 691,000,000 ounces, while the holding at the end of 1934 was estimated at 1,003,000,000 ounces. Of the 312,000,000 ounces acquired in the meantime, about 111,000,000 were received under the nationalization order and 21,000,000 from newly mined American silver purchased at 64½ cents an ounce. The amount secured from abroad, therefore, appeared to be about 180,000,000 ounces. Shanghai stocks of silver fell by 177,000,000 ounces in the course of 1934, and the same round figure approximately represented the year's output of newly mined silver in all countries of the world. On the basis of United States stocks

of gold at the end of 1934, the total quantity of silver required to bring the ratio between the two metals to 3 to 1 was about 2,130,000,000 ounces, of which less than one-half was already in hand.

#### (e) BUDGETARY TROUBLES

American political eyes, indeed, were not turned towards the external effects of internal economic policies. The internal problem was sufficient to occupy almost all their attention, and the debate between inflationist and orthodox economics became keener and more inflamed than ever. On the one hand, Senator Long of Louisiana attracted many hopeless or gullible citizens with his 'Share the Wealth' campaign, and other demagogues—notably Father Coughlin—hawked persuasive nostrums based upon unlimited spending. On the other hand, the slowness of private enterprise to respond to the stimulation of public spending became more and more ominous. One important check to business confidence has already been described—the epidemic of labour disputes. Equally serious was the budgetary trouble in which the Administration became involved. At the beginning of 1934 President Roosevelt declared that the Government 'should plan to have a definitely balanced budget for the third year of recovery (i.e. 1935–6), and from that time on seek a continuing reduction of the national debt'. Expenditures (including emergency expenditures) were expected to exceed receipts by \$7,000,000,000 in 1933–4, and in the following year by \$2,000,000,000. When, however, the President submitted budget proposals a year later, his estimate of the deficit in 1934–5 had risen to nearly \$5,000,000,000, and even in 1935–6 the deficit would be, according to his forecast, in the neighbourhood of \$4,000,000,000. He explained the failure to balance the budget in 1935–6 on the ground that so long as abnormal expenditure for the relief of unemployment remained necessary a real balance was out of the question.

Thus the experience of the United States in 1934 proved that external depreciation of the currency, however successful it might be in promoting exports and checking imports, could not by itself secure the stimulation of internal economic activity. That was bound to depend upon the success of the monetary and other economic policies pursued under shelter of the depressed exchange. The fate of those policies, in turn, was largely dependent upon psychological factors which were likely to be harmfully affected by the external manipulation of the currency in pursuit of aims other than security and stability.

## (iii) The Weakening of the Gold Bloc

## (a) THE BLOC ON THE DEFENSIVE

While the United States was developing her expansionist policy on the basis of an inflated and still increasing gold reserve, and Great Britain was combining cheap money with a depreciated exchange as a means of letting industry find its way out of the slump, the countries of the gold bloc were suffering the pangs of intensified deflation and the injuries that arise from an over-valued currency. The 'gold bloc' came into existence as a definite, operative group, not just a convenient classification, at the time of the stabilization crisis at the World Economic Conference.<sup>1</sup> On the 3rd July, 1933, the representatives of the European gold standard countries subscribed to a declaration pledging themselves to the integral maintenance of that standard at existing parities; and five days later, in Paris, a similar declaration was signed by the Governors of the Central Banks of the principal countries concerned. The recognized members of the bloc were France, Belgium, Italy, the Netherlands, Luxembourg and Switzerland; Poland also maintained the gold standard throughout this period—with clearer success, indeed, than some of the others—but her active association with them was indefinite and intermittent. In the course of 1934 several conferences were held between representatives of the six gold bloc countries, and the opportunities of board meetings of the Bank for International Settlements were also taken for consultations between their Central Bank Governors. At the conclusion of an official gold bloc conference held in Geneva, a *communiqué* was issued on the 25th September declaring that

the Powers on the gold standard are more than ever determined . . . to maintain it integrally at the present gold parity, this appearing to them as one of the essential conditions for the economic and financial restoration of the world.

Their principal objective, they recognized, must be the enlargement of international trade, especially among themselves, and for this purpose a special sub-committee of the six states was to be appointed. The first-fruits of this policy was a conference in Brussels a month later, at which a protocol was signed reaffirming the Geneva declaration and expressing the intention of the signatory Governments to expand by 10 per cent. the volume of trade between them, compared with the period July 1933 to June 1934. Bilateral negotiations to this end were to be begun without delay and were to be brought to a conclusion within one year.

<sup>1</sup> See the *Survey for 1933*, p. 61.



The plan of expanding mutual trade was faced both with particular and with general obstacles. Thus the interests of the different members of the bloc were not by any means all coincident. France, the leader of the bloc, had a large and increasing active balance of trade with the remaining members, taken together. These accounted for only one-sixth of her total imports from foreign countries in the first half of 1934, whereas their share in total French exports was over one-third. Hence France's interest, from the point of view of defending her exchanges, lay in maintaining the existing trend, whereas the interest of her gold-bloc colleagues lay in reversing it. They would clearly have to use all the bargaining force of the monetary argument in order to wring the necessary tariff and quota concessions from her. Again, there was the problem of what form these concessions might take; for most-favoured-nation treaties would prevent any open tariff discrimination. It was indicated after the Brussels Conference that France would not modify her quota policy but would allot the unfilled quotas of other countries to the members of the gold bloc.

But more powerful than such special difficulties was the over-ruling fact that the gold bloc countries were swimming against the tide. The members of the sterling bloc had been able to negotiate among themselves several advantageous agreements for the promotion of mutual trade, but that was simply to further the natural process of buying in the cheapest market. On the other hand, as a London leader-writer put it, 'preferential consideration between two countries of the gold bloc may well mean an agreement to buy goods where they are most expensive'.<sup>1</sup> And even if their mutual trade could be promoted, how would this help the members of the bloc to maintain the gold standard? It could not strengthen their exchange position, as a group, by adjusting in their favour their joint balance with the rest of the world. Indeed, the pressure of the balance of commercial payments was not by any means the most powerful or most urgent danger to the gold standard in the bloc as a whole. Far more serious was the threat of a flight of money, urged by the fears that were raised by internal economic difficulties—stagnant trade, strikes, budgetary deficits, weakened credit—themselves the results of a deflationary policy too long pursued.

#### (b) FRANCE

The difficulties of the gold bloc originated for the most part in earlier events, but they were aggravated in 1934 by American monetary policy. In the months of February and March alone, the United

<sup>1</sup> *The Financial News*, the 23rd October, 1934.

States gained, on balance, \$690,000,000<sup>1</sup> of gold, while France showed a net loss of \$409,000,000, Switzerland a net loss of \$55,000,000 and the Netherlands a net loss of \$112,000,000—London being only an entrepôt for these movements. Even if the dollar was not under-valued when the gold-buying policy was launched in October 1933, it was certainly heavily under-valued afterwards; for by the following February wholesale prices in the United States had risen by only 4 per cent., whereas the dollar had depreciated by nearly 10 per cent. against the franc. Clearly there was no course open to France but still more rigorous deflation, unless she were to devalue her currency or abandon the gold standard by adopting a system of general foreign exchange control, after the fashion of Germany and other countries of Central Europe. In fact she chose the first course, and her wholesale price index fell by 15 per cent. between December 1933 and December 1934.

Budgetary difficulties were partly a symptom of deflation, through the fall in the yield of taxes, and partly, on the other hand, an indication that deflationary public finance must be carried still further if previous efforts were not to be nullified by governmental inflation. The Chaumets Government made an attempt at balancing the budget mainly by dint of higher taxation, and after a bitter struggle with the Senate obtained the passage of a Finance Bill at the end of December 1933. The budget for 1934, however, remained unvoted, and Monsieur Doumergue's Government inherited a legacy of severe fiscal and financial stringency. The party truce put them in a better position than their predecessors to attack the deficit by way of economies rather than by way of fresh taxation; nevertheless, the Chamber could not be brought to the point of voting the detailed cuts required. The Budget Bill, as passed in the early hours of the 1st March, showed estimated receipts at 48,281,000,000 francs, against an estimated expenditure of 50,162,000,000 francs; but it authorized the Government to impose economies by decree so as to remove the remaining deficit. On the 4th April the Government published decrees showing an estimated saving of 2,760,000,000 francs, including 500,000,000 francs from cuts in pensions, 360,000,000 francs from cuts in official salaries and 750,000,000 francs from general official reforms and reduction of the number of civil servants. Accompanying the decrees was a manifesto in the form of a letter from the Government to the President of the Republic. The authorization to impose economies by decree was described as

a matter of the most imperative necessity. If Parliament had not, in

<sup>1</sup> Valued at \$35 a fine ounce.

conformity with the wishes of the country, given the Government this exceptional power, and if the Government had hesitated to use it, this would have meant in a short time the closing of the commerce of the state, the suspension of all payments, and failure to meet all its engagements.

The only alternative was inflation and the disorders which always follow it, for inflation does not solve any problems. By postponing them and aggravating them it also leads to bankruptcy, which in its turn is responsible for every form of social fury and political convulsion.

The stability of our financial situation is at the present moment the indispensable condition of order in France, and even in Europe.

A week later the Government obtained the consent of ex-service men's organizations to pension cuts totalling 411,000,000 francs.

The decrees had as good a reception as was possible under the circumstances, but discontent at the sacrifices required by a deflationary policy undoubtedly contributed towards the overthrow of the Doumergue Government in November 1934.

Monsieur Flandin's attitude on the broad question of French economic and financial policy was rather different from that of his predecessors. Monsieur Bonnet, Minister of Finance in the Chaumets Government, had expressed the inflexible determination of that Government to avoid inflation at all costs. Their programme, of which the Finance Bill formed only the beginning, was based upon stern retrenchment. They had no intention of tampering with the currency. The Doumergue Government had had to meet a spirited attack from Monsieur Paul Reynaud, formerly Minister of Finance under Monsieur Tardieu, who demanded devaluation as the only alternative to a regimen of deflation far more stringent than the Government were prepared to carry through. Economic conditions in France, he declared, did not compare with those in Great Britain or the United States. The fact was that the money of the gold bloc had not the same value at home and abroad. Monsieur Germain-Martin replied that nobody could tell what would be the effect of devaluation upon prices. Were France to devalue the franc, other countries would immediately begin defending themselves by means of tariffs. Everywhere abroad monetary disorder was on the increase, and the time would come when France, thanks to her monetary policy, might be called upon to play a worthy part.

Monsieur Germain-Martin remained Minister of Finance under Monsieur Flandin, and his defence of the gold standard and his opposition to devaluation lost nothing in determination. But Monsieur Flandin's emphasis was different. In his first Ministerial statement to the Chamber he declared that the régime of economic restraint had

failed everywhere. 'We shall gradually return to freedom organized, controlled and defended'—a paradox that he might almost have borrowed from one of Mr. Roosevelt's 'fireside chats'. That would take a long time, added Monsieur Flandin.

But the Government will day by day direct its action towards improving net costs, adapting production prices to selling prices, facilitating exchanges, assuring the marketing of agricultural and manufactured products, and developing competition.

The reduction of the rate of interest is an essential condition of economic recovery; but it cannot be enacted by decree.

The process of deflation, said Monsieur Flandin upon a later occasion, must be ended in France.

This series of prolegomena for an economic programme was obviously somewhat confused and self-contradictory, but it seems to have been based on the view that final prices had fallen far enough, and that production must be made profitable by the reduction of intermediate costs and by the adjustment of output to consumption. The policy becomes more comprehensible if it is viewed in relation to the problem of the French wheat industry. For the benefit of farmers, the minimum price for wheat had been statutorily fixed at 115–30 francs a quintal<sup>1</sup> in 1933–4, and at 108–18 francs a quintal in 1934–5. A bounty of 80 francs a quintal was granted on wheat exported, but even this was often insufficient to make up the difference between the world price and the official minimum. This artificial rigging of the price had two main effects. It encouraged the production of wheat, although France was already faced with the problem of disposing of an accumulated surplus amounting to about 25,000,000 quintals. And it enabled unscrupulous middlemen to make high profits; for the price of bread was fixed on the basis of the official price of wheat and flour, whereas many smaller millers and bakers obtained their supplies, in defiance of the law, at prices 20 to 40 francs below the statutory minimum. Thus the farmer sold his wheat cheap while the consumer bought his bread dear. One of the earliest actions of the Flandin Government was to bring in a Wheat Bill to remedy this situation. The legal minimum price was forthwith to be reduced to 97 francs for the next three months, after which the price would be left free to find its economic level (except for stocks already notified, for which the price of 97 francs would remain in force until July 1935). This in itself would presumably prevent the artificial stimulation of supplies, but farmers were also to be compelled to restrict their sowings of wheat to the average of the previous three years.

<sup>1</sup> One quintal equals 3½ bushels.

The existing surplus was to be disposed of in several ways—by direct purchase for the constitution of an official 'emergency stock', by the sale abroad of denatured wheat (i.e. wheat coloured and unfitted for human consumption), and by the export of a limited quantity of millable wheat. The assent of the four principal wheat-exporting countries was obtained, under the London Wheat Agreement, to this programme, and in return France undertook to spread her exports evenly over a period of months so as to minimize the effect on world prices.

The *assainissement* of the wheat trade was followed by an attempt to secure the cartellization of industry through self-government reinforced by statutory sanctions. A Bill was published on the 10th January, 1935, enabling the Government to make regional and industrial *ententes* compulsory, provided that the promoters represented two-thirds of the producers and three-quarters of the production in the area or industry concerned. The decision to give any such *entente* official authority was to be taken by the Government, but they must have the previous assent of a court of arbitration comprising representatives of the state and of finance, employers and labour. One of the objects of the Bill was to spread employment by reducing working hours, suppressing overtime and raising the school-leaving age to fourteen years. This measure was represented by the Government to be a means of transition from the existing disorganization in industry to a régime of restored competitive freedom. Nevertheless, it obviously owed a great deal to American and German examples of a more explicitly permanent kind.

The financial side of Monsieur Flandin's programme received no less striking or less prompt an embodiment than the economic side. The reduction of the rate of interest, he had declared, was an essential condition of economic recovery. On the 9th February, 1934, the discount rate of the Bank of France had been raised from 2½ to 3 per cent., but on the following 1st June it was restored to its earlier level. Perhaps the chief importance of the double change lay in the indication it gave of the Bank's readiness, if necessary, to use the classical method of the discount rate to protect the gold reserves. On the 2nd January, 1935, it was curtly announced that Monsieur Moret had been succeeded by Monsieur Tannery as Governor of the Bank of France, and that changes had been made among the higher posts of the Treasury. The broad reason for Monsieur Moret's departure was generally known. The Government had expressed their intention of refraining from long-term borrowing in order to cheapen long-term rates of interest for private borrowers; in view of the Treasury's needs, this

plan meant the issue of a large volume of Treasury bills in the course of 1935. The Government demanded active assistance from the Bank of France in the shape of rediscounting facilities for Treasury bills. Monsieur Moret refused. Under his governorship the Bank of France had strictly avoided entering the market for Government securities, and in 1933 he had expressly rejected Monsieur Bonnet's request that the Bank should rediscount Treasury bills in any but the most exceptional circumstances. The immediate outcome of Monsieur Tannery's appointment was a swift boom in *rentes*, attracting a considerable amount of capital (presumably French in origin) from London and thus driving down the value of the pound in Paris. The boom, however, expired very quickly.

The Government's next move was to obtain from Parliament an extension of the statutory limit on Treasury bill issues from 10,000,000,000 francs to 15,000,000,000. In a preamble to the Bill for this purpose the Minister of Finance claimed that the state ought to abstain from the long-term market in order to allow bond prices to rise and to make long-term money available at lower rates to private enterprise. There was, he added, no question of inflation, and the Government remained attached to the integral maintenance of the value of the franc. But the abundance of funds in the short-term market should be made to serve the general programme for fighting the crisis. Defending the Bill in the Chamber, Monsieur Germain-Martin said that the additional 5,000,000,000 francs of bills would be issued half in short-term and half in medium-term bills. The Bank of France would use its rediscounting function with prudence. Monsieur Reynaud renewed his insistence upon a choice between devaluation and deflation, declaring that in view of the over-valuation of the franc the present policy was exceedingly dangerous, since it would raise prices and make matters worse. The Bill was approved in the Chamber by the remarkable majority of 450 votes to 122. In spite of the co-operation of Monsieur Tannery, the Government had still to overcome powerful opposition among the Regents of the Bank of France towards their policy. On the 21st February, however, the Bank agreed to grant five-day to thirty-day loans against Treasury bills and National Defence bonds at  $\frac{1}{8}$  per cent. above the Bank's discount rate.

The technical details of these arrangements are of little importance for the present purpose. What are important are the determination of Monsieur Flandin's Government to ease the long-term credit market by broadening the short-term market, and the opposition that this policy encountered from banking interests. Monsieur Flandin's

policy was a mild but significant attempt at 'reflation' on the gold standard. It was not, in practice, a great success. When Monsieur Flandin resigned in May 1935 *rentes* stood at appreciably lower levels on the Paris bourse than when he initiated his campaign to raise their value. Although much of the weakness of the bond market was then due to pessimism created by the fiscal and political crisis, and to the rush of funds to the equity market in expectation of devaluation, it was certainly intensified by the lack of goodwill among the Regents of the Bank of France and other banking interests towards Monsieur Flandin's policy.

Both the Government and the Governor of the Bank had expressed emphatically their determination to keep the franc at its existing parity with gold. They could scarcely have acted otherwise without precipitating a drain of funds from France; but apart from a large-scale flight of capital there was no reason at that moment why France should be forced to abandon the gold standard or to devalue her currency, even if the Government's policy should result in a considerable rise in internal prices. In 1934 her import surplus on commodity trade, at 5,229,000,000 francs, was little more than half its amount in 1933. Even if it were to increase, her gold reserves were ample to meet any consequent drain. At the end of 1934 the gold in the Bank of France exceeded 82,000,000,000 francs, against a note circulation of 83,500,000,000 francs.

#### (c) BELGIUM, THE NETHERLANDS AND SWITZERLAND

In the course of 1934, indeed, the gold and foreign exchange reserves of the Bank of France had increased by nearly 4,600,000,000 francs (£37,000,000 at pre-1931 par). The experience of the smaller countries of the gold bloc was less fortunate, as far as their monetary reserves were concerned. The National Bank of Belgium lost nearly 200,000,000 belgas of gold, the Netherlands Bank lost 80,000,000 florins, and the Swiss National Bank 90,000,000 Swiss francs. The total of these losses was £16,000,000 at the former gold parity—not in itself a large sum, but an important index of the trend of events.

Belgium was generally regarded in 1934 as financially the weakest member of the gold bloc, and the belga was constantly subject to bear speculation. The rumours of devaluation, and the consequent outflow of funds from Brussels, became particularly strong at the time of the ministerial crisis in November, and foreign aid twice came to the rescue. The Federal Reserve Banks in the United States advanced \$25,000,000 against the gold in transit to New York, in order to relieve the acute demand for dollar exchange in Brussels. In

December, Dutch and Swiss banking groups combined to lend the Belgian Government 100,000,000 florins on three months' bills, which might be prolonged up to one year. The new Government, under Monsieur Theunis, expressed as forcibly as had their predecessors their determination to maintain the stability of the belga and to balance the budget. Nevertheless, in Belgium as in France, the policy of rigid adherence to the gold standard, combined with fiscal orthodoxy, was accompanied by attempts to mitigate the severities of deflation and even to move in the opposite direction. A striking attempt at the cheapening of bank credit had been made by the de Broqueville Cabinet in August. The Société Nationale de Crédit à l'Industrie was empowered to take over frozen credits from the banks in exchange for 3 per cent. bonds, guaranteed by the state and discounted at the National Bank. The industrial debtors would be charged  $4\frac{1}{2}$  per cent. by the S.N.C.I. This measure may be compared with the use of the Reconstruction Finance Corporation in the United States to liquefy and cheapen industrial credit. Nevertheless, the main trend in Belgium remained deflationary, and the consequent pressure upon wage standards caused much labour unrest.

All three of the countries mentioned—Belgium, the Netherlands and Switzerland—managed to secure a smaller adverse balance of commodity trade in 1934 than in the previous year. Their ability to do so, by means of cuts in imports which more than offset the continued but retarded decline of their exports, was a very important feature of the world trade situation at this time. Indeed, each of them actually increased the tonnage of its exports between 1933 and 1934; so likewise did France, Germany and Poland. These facts support the view that the major economic handicap imposed on the gold standard countries by their adherence to gold was to be found, at this stage of the depression, in the dislocation of the internal price structure rather than in the external over-valuation of their currencies. One external effect, however, did press with grievous weight upon several of them, namely, the check to tourist traffic. Many an Englishman who said to himself that 'his pound was worth only 12s. 6d. in France or Switzerland' decided to take his holiday at home, or to go on an ocean cruise or to travel in some country like Austria or Norway, where the rate of exchange was closer to the former parity. Switzerland's revenue from tourist business was reckoned to have fallen from 500,000,000 francs to less than 200,000,000 francs in the course of the world slump, and even this attenuated total was attained only by dint of public subventions to the hotel and transport industries. A further such subvention was given at the end of



1934, when it was announced that in order to encourage British visitors the Swiss Government would compensate hotel keepers for losses involved in accepting sterling cheques or notes at a fixed rate of 16 francs to the pound. The market rate at the time was 15.36 to the pound, so the concession was not startling, but the innovation was important in principle, and in fact a few months later the pound had fallen on the open market to 14.50 Swiss francs.<sup>1</sup>

One cause of instability in the Swiss franc at this period was the shadow of the coming *Kriseninitiative*. This was an economic programme promoted by the socialistic Schweizerisches Gewerkschaftsbund, largely in reaction against the extreme deflationary policy of the Minister of Economics, Dr. Schulthess (who later resigned). The avowed aim of the *Kriseninitiative*—‘to assure to all Swiss citizens a sufficient livelihood’—was to be achieved by means of the planned allocation of employment, the protection of wages and prices, financial relief for agriculture and trade, additional unemployment relief, the use of the purchasing power and capital of the country to further exports and tourist traffic, control of the capital market and the export of funds, and control of cartels and trusts. The programme was to be financed by the issue of bonds, as well as from current revenue. In the form of a *Volksbegehren*, this programme received over six times as many supporting votes as were required to secure its consideration by Parliament, and although the National Council then rejected it by a majority of almost two-thirds there was some expectation of a favourable vote when it was submitted to a plebiscite on the 2nd June, 1935. However, eighteen out of twenty-two cantons voted against the *Initiative*, and the total votes cast were 425,000 in favour and 566,000 against. Both the referendum and the result were quite outweighed, at that date, as an influence upon the course of the exchanges, by the reactions of the French political crisis.

#### (d) THE DEVALUATION OF THE BELGA

The fall of the pound at the end of February and the beginning of March 1935 precipitated a fresh crisis in the gold bloc. The slump in sterling appears to have been due to the withdrawal of foreign funds from London as a result of trouble in the commodity markets and rumours of disturbing political developments. The figures of Great Britain's balance of payments in 1933 and 1934 indicated that she had increased her net short-term indebtedness by over £100,000,000 in the course of those two years, and the pound was therefore very

<sup>1</sup> The pound was stabilized, for tourist purposes, at 74 francs in the principality of Monaco in March 1935.

vulnerable to bear movements of this kind. The result was an extraordinary paradox; for the fall of the pound against gold currencies was an obvious threat to the latter's stability—in other words, it opened up the prospect of a fall of gold currencies against the pound. To this cause must be ascribed the 'flight into gold' that then occurred. Gold in the London bullion market commanded a premium of a shilling or more an ounce over the contemporary parity with the French franc. Rumours were current that the British Government, fearing the injury that would be done to British trade either by a collapse of gold currencies or by higher trade barriers raised for the purpose of defending them, were contemplating a stabilization plan. Such expectations, however, were destroyed by the Chancellor of the Exchequer on the 7th March, when he said in the House of Commons: 'I do not believe we are in a position at the present time to take the risks of putting the pound at the mercy of either the franc or the dollar.'

These events caused great uneasiness in the gold bloc, not least in Belgium. A bear attack on the belga, inspired by rumours of impending devaluation, developed in the second week in March, and as a result the pound returned approximately to the position that it had held in relation to gold currencies before the fall at the end of February. When Monsieur Theunis, the Belgian Premier, and Monsieur Hymans, the Foreign Minister, visited Paris on the 17th March, the chief purpose of their conversations with French Ministers was reputed to be to arrange for co-operation within the gold bloc with a view to safeguarding their currencies. 'The belga is saved', declared Monsieur Hymans when the talks were ended, and an official *communiqué* stated that the two Governments had reached an agreement to defend the gold bloc currencies against speculation. The same evening, however, decrees were published in Brussels establishing a National Exchange Office to control all operations in foreign exchange (non-commercial sales of belgas being forbidden altogether), and placing all bullion dealings under the control of the National Bank. These measures were equivalent to the suspension of the international gold standard as it had been known and defined in the days before 1931.

Still more remarkable developments were to follow. On the 19th March, only two days later, Monsieur Theunis and his Cabinet resigned, after making a statement to the effect that the unanimity of parliamentary agreement required for the defence of the belga had not been forthcoming. The position of the Government was indeed unenviable. They could not let the belga slide without confessing their weakness; they could not deliberately devalue the currency

without eating their own words; and they could not impose the measures of deflation otherwise required without meeting inevitable opposition on all hands. It was not until nearly a week later that a 'National' Government could be formed under the premiership of Monsieur van Zeeland, a Vice-Governor of the National Bank. Meanwhile the belga had been subject to heavy pressure abroad, and in the London and Paris markets a large discount appeared on the forward belga. Prevailing pessimism was reinforced by the increase of the British tariff on a series of iron and steel products, largely imported from Belgium, which took place on the 26th March. That this move should have been made by Great Britain at such a time was perhaps unfortunate in that it was liable to misinterpretation in Belgium and elsewhere; but in fact it was inspired not at all by financial motives but simply by the desire to gain bargaining strength in negotiations then taking place between representatives of the British steel industry and those of the Continental Steel Cartel. As soon as an agreement had been reached with the Cartel, indeed, it was officially indicated that the duties would be restored to their former level. The completion of Monsieur van Zeeland's Cabinet caused a rally in the belga, but it was only momentary, and on the morning of the 28th March the new Government ordered the closing of the Brussels and Antwerp bourses for three days, an action which could not be otherwise interpreted than as preparatory to devaluation.

Monsieur van Zeeland's ministerial declaration was made on the following day. The belga was to be immediately devalued by at least 25 per cent., and if circumstances required by a maximum of 30 per cent. Within these limits the belga would be kept stable against gold with the aid of an Exchange Equalization Fund, which would be credited with part of the surplus arising from revaluation of the National Bank's reserve. The Government retained their belief in the principles of the gold standard, and would take an active part in convening an international monetary conference to consider the general re-stabilization of currencies. They asked for an extension of the emergency powers granted to previous Governments, and for the acceptance of a broad programme of economic reconstruction. This included the reorganization of the banks under state supervision and with state assistance, the establishment of a special rediscount institution to thaw frozen credits, the cheapening of credit and the reduction of taxation, the stabilization of real wages and the narrowing of the margin between wholesale and retail prices, the revision of commercial treaties on the basis of reciprocity instead of on the basis of the most-favoured-nation clause, the regulation of stock-exchange

speculation, and preparations for a large Government bond conversion. After twenty hours' continuous debate in the Chamber, the Government obtained a vote of confidence by 107 votes to 54, a majority which was considered inadequate for the occasion, especially as only minorities of the Liberal and Catholic groups supported the motion. Monsieur Jaspar and Monsieur Theunis, in opposition, made much of the offer of a loan of 3,000,000,000 belgas at  $3\frac{1}{2}$  per cent. which was revealed to have been made by the French Government. The Government spokesman could retort, however, that a devaluation had been rendered imperative, not by any technical weakness of the belga or lack of liquidity at the National Bank, but by much profounder forces—in brief, by the practical inability to proceed with the measures of deflation, including wage-cuts, that were necessary if the former gold parity was to be maintained. The vote of confidence in the Senate, which was supported by 110 members against 20 noes and 19 abstentions, was held to justify the Government in remaining in office and proceeding with their economic programme.

Monsieur van Zeeland thereupon announced that the currency would be pegged at 72 per cent. of its former gold parity. Its value on foreign money markets was adjusted to the new level smoothly and immediately, but the incident had a disturbing effect upon other currencies of the gold bloc, especially the guilder and the Swiss franc, and in consequence the pound rose against gold. The following table shows the fluctuations of the belga in London.

	<i>March</i> 27.	<i>March</i> 28.	<i>March</i> 29.	<i>March</i> 30.	<i>April</i> 1.	<i>April</i> 3.
Belgas to £	21 $\frac{1}{2}$	22 $\frac{1}{8}$	24 $\frac{7}{8}$	25 $\frac{1}{2}$	28 $\frac{1}{2}$	23 $\frac{1}{2}$
Value of Belga (Mar. 25 = 100)	98.1	94.1	96.8	83.5	76.1	75.2

Devaluation, on the face of it, threatened Belgium's commercial competitors with an under-cutting of existing prices. Belgian official policy, however, was to maintain export prices and to draw the benefit of devaluation, not from competitive expansion but from higher prices expressed in belgas. As regards Belgium's most important class of exports, steel, price agreements on the gold or sterling basis were already in force under the continental cartel. On the 6th April, Belgium and France signed an agreement, valid for six months, whereby the former undertook to authorize exports to France only on condition that, unless otherwise justified, prices would be no lower than they would have been but for the devaluation of the belga. If

an exporter should violate this condition he would forfeit for a year all share in export quotas to France, and French import quotas would be correspondingly reduced. A week later the Belgian Chamber of Commerce in London issued a statement declaring that the principal groups of Belgian industries had agreed with the Belgian Government 'to avoid any perturbation manifestly damaging the interests of local industries in foreign markets'. The Belgian Government had decided to exercise a strict supervision over export prices, especially those of commodities not included in the groups referred to already. If necessary, an official control would be established in the form of export licences. This system would be immediately enforced for woollen and cotton carpets, cement, bricks and glassware.

The fall of the belga was accompanied by circumstantial rumours of impending devaluation in the Netherlands, Switzerland, Italy and even France. It was doubtless in order to put a stop to these fears that Monsieur Flandin announced on the 2nd April, 1935, that the minting of gold coins would be pressed forward with a view to their being put into circulation as soon as possible. Obviously, however, some time must elapse before a sufficient supply of gold coins could be minted to withstand the demand for them that might be expected; estimates of the necessary delay varied from two to five years. Monsieur Colijn, the Dutch Prime Minister, expressed with equal vigour his determination to keep the Netherlands on the gold standard. At the beginning of April the Dutch bank rate was raised by two stages from  $2\frac{1}{2}$  to  $4\frac{1}{2}$  per cent., and in May the political difficulties in France precipitated a fresh flight not only from the French franc but also from the guilder and the Swiss franc. These events, however, belong to the history of 1935 rather than of the period with which this chapter is chiefly concerned; the same might indeed be said of the devaluation of the belga, but it has been necessary to chronicle the latter occurrence because it fittingly caps the story of gradually increasing difficulties in the gold bloc during 1934, and of the quite ineffectual efforts of the members of the bloc to succour each other by mutual aid and comfort.

#### (e) ITALY

Italy presents in several ways a contrast with the other countries of the gold bloc in Western Europe. For one thing her imports increased in 1934, while her exports fell; the inward balance of trade rose from 1,442,000,000 lire in 1933 to 2,408,000,000 in the following year. The result was that the gold and foreign exchange reserves of the Bank of Italy fell from 7,397,000,000 lire to

5,883,000,000 in the course of 1934. It was not that deflation had not been vigorously applied—in many respects its enforcement was easier in the corporative than in the democratic state. In April a decree was promulgated reducing the retail prices of all foodstuffs sold in co-operative stores by 10 per cent., the rents of dwelling houses by 12 per cent., and those of shops and other buildings by 15 per cent. The salaries of all state employees earning over 500 lire a month were to be cut by 6 to 12 per cent., and the salaries of members of the Government by 20 per cent. The decree was not favourably received, and a certain amount of evasion no doubt took place, but the index of the cost of living fell sharply in May, and continued on a lower level throughout the remainder of the year.

This frontal attack upon price levels, which it was thought necessary to reduce, contrasted with the orthodox method of deflation by credit restriction. Up to 1934 the restriction of credit was not part of Italy's deflationary practice. Large sums were spent on public works—notably the reclamation of the Pomptine marshes—and although budgetary stringency compelled the Government to cut down such expenditure, the purchasing power thus put into circulation had already stimulated private industry by way of the demand for consumption goods. The budgetary deficit continued to inflate the volume of currency and credit, the note circulation at the end of 1934 being almost as high as it had been twelve months previously, in spite of the fall in the reserves and in spite of the reduction of prices and wages. Another influence in the same direction was the transfer of industrial investments, largely frozen credits, from the banks to the Institute of Industrial Reconstruction—another analogue to American measures. A direct result of the comparative ease of credit conditions in Italy, combined with the loss of gold, was the fall of the reserve ratio of the Central Bank almost to the prescribed minimum of 40 per cent. This in turn frightened capital away from Italy, since it seemed to threaten a forced devaluation of the lira.

Hence exceptional measures had to be taken to defend the external balance of payments. Exchange transactions were already practically concentrated in the hands of the Bank of Italy, and a number of not remarkably successful clearing arrangements had been entered into with foreign countries. In April 1934 it was announced that in future the import of copper, coffee and wool would require licences, which would be granted only 'in relation to the balance of trade with the countries concerned'. On the 26th November the Bank of Italy's discount rate, which had been lowered to facilitate Government loan conversions, as well as for wider reasons, was raised to 4 per cent.,

in the hope of arresting a serious drain of gold which had just set in. For the moment, at any rate, this hope was falsified, the loss of gold being accelerated rather than checked, no doubt by reason of fears that the raising of the discount rate might be a preliminary to devaluation. On the 8th December decrees were promulgated in Rome compelling Italian residents to declare to the National Institute of Foreign Exchanges all holdings of foreign securities or other credit balances abroad. Notification must be made within ten days, but balances would not be called in until required by the Government for external payments, when compensation would be given in lire at the current rate of exchange. Meanwhile, foreign balances would be privately retained.<sup>1</sup> The decrees also provided for the establishment of a committee to supervise export prices, so as to prevent the secret accumulation of balances abroad through the under-valuation of exports. Power was given to the Ministry of Finance to impose special compensatory taxes on foreign goods from countries which did not give Italian products most-favoured-nation treatment. A more rigorous system of import control by quotas, based on the bilateral balancing of exports and imports, was introduced at the same time.

Although the mobilization of privately held foreign assets was not to be immediate, these measures were unmistakably akin to those adopted by Germany to maintain an artificial parity for the mark. No one could say that Germany was on the gold standard, and although the export of gold from Italy nominally remained free it was becoming less and less accurate to say that Italy was on the gold standard. At the beginning of March 1935, when the pound was depreciated by 42·3 per cent. against the French franc, it was depreciated by only 38·5 per cent. against the lira. In other words, the cross-rate established a discount of over 6 per cent. on the lira against other gold currencies. On a free gold standard this would obviously have entailed a great loss of gold from the Bank of Italy. Thus in practice Italy had resigned from the international standard and was rather to be ranked with Germany than with the countries of the gold bloc. By the British financial press she was urgently advised to devalue the lira, a course with obvious advantages for a country which depended for so much of its external income upon tourist traffic and emigrants' remittances. The greatest obstacle to devaluation seems to have been not a material one but the pledge given by Signor Mussolini at Pesaro in August 1926 that he would defend the lira at all costs.

<sup>1</sup> The foreign balances were called in for transfer to the National Institute of Foreign Exchanges on the 21st May, 1935.

### (iv) Germany and Her Debts

#### (a) LONG TERM AND COMMERCIAL DEBT

The last volume of the *Survey* recorded how an agreement was reached in January 1934 between the Reichsbank and the representatives of foreign long-term and medium-term creditors, to the effect that discrimination between country and country in the payment of debt service was to cease, and that creditors were to receive 30 per cent. of their interest in cash and the remainder in scrip convertible for cash (if the holder wished) at a discount of 33 per cent. It was also suggested that the deterioration of Germany's foreign trade position in the course of 1934 was likely to upset this compromise before very long. The prognostication was fully justified. Germany's exports fell from Rm. 4,871,000,000 in 1933 to Rm. 4,166,000,000 in 1934, while her imports rose from Rm. 4,204,000,000 to Rm. 4,452,000,000. An export surplus of Rm. 665,000,000 was thus converted into an import surplus of Rm. 284,000,000. The gold and foreign exchange reserve of the Reichsbank dwindled in the course of 1934 from Rm. 396,000,000 to Rm. 84,000,000.

By the time when the conference between the Reichsbank and the foreign creditors was held in April 1934 to ratify in permanent form the agreement of the previous January, the transfer situation was already serious. Early in March Dr. Schacht had caused consternation in foreign financial centres by hints of impending cuts in interest transfers, and as the date of the conference approached his warnings became more and more definite. 'Under present conditions', he said on the 9th April, 'a complete moratorium seems to be inevitable.' In a broadcast talk on the eve of the conference he declared that 'to establish the complete incapacity of Germany to make transfers it was unnecessary to call an international conference, since the facts were clear to everybody'. Between the German protestations of inability to pay, and the efforts of the creditors to obtain as large a measure of payment as possible, the conference dragged on for nearly five weeks. The official *communiqué* published when it terminated on the 29th May stated that the Reichsbank had made the following offer, to apply to coupons falling due in the year ending on the 30th June, 1935. Bondholders might exchange their coupons for funding bonds bearing interest at 3 per cent., the service of which (including a 3 per cent. sinking fund) would not be subject to transfer restrictions. Alternatively, they might receive cash for their coupons at 40 per cent. of their face value; but since ability to make these payments would depend on the foreign exchange available, the Reichsbank



reserved the right to withdraw this part of the offer on 30 days' notice.<sup>1</sup> Creditors who did not wish to avail themselves of either of these arrangements would retain all rights under their coupons. This offer was accepted by the British, French and Swedish delegations, with two provisos: that the requirements of their respective Governments as to the service of the Dawes and Young Loans must be satisfied, and that in the event of the scheme's being operated so as to discriminate between country and country they reserved full liberty of action for themselves and their Governments. The Swiss and Dutch delegations (whose interest lay on the side of discrimination) were unable to accept the offer, while the American delegation were content to record that they had taken part in the conference only on the restricted basis on which it had been called, namely, the ending of discriminatory agreements. A few days later the German Government did, in fact, give notice of termination of the special transfer agreements with Switzerland and the Netherlands, and negotiations for new agreements with those countries were forthwith begun.

The German authorities had sought to include the Dawes and Young Loans (the service of which, other than amortization on the latter, was still exempt from the transfer restrictions) within the scope of the April conference. This proposal, however, evoked vigorous protests from the British and French Governments, and the *communiqué* of the 29th May recorded that the creditor delegates had decided to exclude the two Reich loans from the discussions. The following day inspired articles appeared in the German press demanding a suspension of transfer of the service of these loans, and on the 14th June the Reichsbank declared a complete moratorium on Germany's long-term and medium-term debts, including the Dawes and Young Loans. All cash transfers were to cease for six months, but creditors were offered the other alternatives proposed by the Reichsbank at the April conference. The German Government would pay the service of the Dawes and Young Loans in Reichsmark into the Konversionskasse, but the transfer of these sums into foreign currencies would be a subject for negotiation with the Governments of the creditor countries, who would be required in return to take additional German imports. The Bank for International Settlements, which was trustee of the Young Loan and fiscal agent for the trustees of the Dawes Loan, immediately protested to the German Government, affirming its intention to defend the rights of the bondholders to the full extent of its power. Equally promptly, the Chancellor of the

<sup>1</sup> Owing to the shortage of exchange the Reichsbank withdrew the offer of 40 per cent. cash in November 1934.

Exchequer announced in the House of Commons that unless a settlement fair to British bondholders and to British commerce could be negotiated before the 1st July, legislation would be proposed for the establishment of an Anglo-German clearing office. Its object would be to ensure that there would be no transfer of British money to Germany until exports to that country had been paid for and the claims of British holders of Dawes and Young Loans had been satisfied. This announcement was followed by the despatch of a note to the German Government, in which the Foreign Secretary repudiated the arguments that had been put forward for the inevitability of default, declaring that no less than Rm. 767,000,000 of bonds (at gold parity) had been repurchased by Germany through the 'additional export' procedure up to the 28th February, 1934—a figure which the creditors had indeed questioned as too low—and that

these facts inevitably give the impression that the policy of Germany is to claim that no foreign exchange resources are available to meet the service of her loans and then to apply the resources which should have been used in meeting that service to the repurchasing of her loans at the low prices resulting from default.

Nevertheless, the British Government were prepared to discuss forthwith

the possibility of reaching an agreement regarding the treatment of British creditors which would avoid the necessity of an exchange clearing altogether; or, alternatively, the means by which such a clearing could be administered with the minimum disturbance of the trade of both countries.

The French Government announced on the 22nd June that they had decided upon the measures which they would take to secure the transfer of the Dawes and Young Loans service, should the German Government fail to make the necessary arrangements. It was estimated that the annual service of the French holdings of these loans required less than 150,000,000 francs, whereas the import surplus of France's trade with Germany had exceeded 200,000,000 francs in the first four months of the year. The American Ambassador had already presented a note to the German Government, protesting against discriminatory treatment among the different national creditors of Germany, and expressing the 'strongest regret' at the new losses imposed on American bondholders.

It must be noted that the balance of commodity trade between Germany and the United States was heavily in the latter's favour, whereas most of the other chief creditor countries (including Great Britain, France, Switzerland and the Netherlands) had passive

balances in their trade with Germany. By contrast, 40 per cent. of Germany's long-term debt (amounting to Rm. 7,440,000,000 in September 1933) was held in the United States, compared with 21 per cent. held in the Netherlands, 14 per cent. in Switzerland, 11 per cent. in Great Britain, and 6 per cent. in France. Great Britain, with an import surplus of over £15,000,000 in her trade with Germany in the year ended the 31st March, 1934, and with a total debt service of less than £5,000,000 per annum due to her, was clearly in a good position to exact financial favours. On the other hand, German spokesmen retorted that the Reich's balance of trade with the British Empire as a whole showed a considerable import surplus in favour of the Empire. In the first quarter of 1934 the import surplus of her trade with Australia alone exceeded the export surplus to Great Britain, and there were further import surpluses from the other Dominions, India and the chief tropical colonies. This retort, however, failed to take proper account of the fiscal independence (which in the case of the Dominions was unqualified) of these countries.

The Debts Clearing Office and Import Restrictions Reprisals Bill was introduced into the House of Commons on the 20th June. Its first clause empowered the Treasury to set up a clearing office against any foreign country from whom payments or transfers to United Kingdom residents were subjected to restrictions or were prohibited or had been discontinued. All payments for imports from that country would have to be made through the clearing office, which would employ the sums received to discharge debts due from persons in the foreign country. The second clause empowered the Board of Trade to prohibit or restrict the importation of goods of any specified class or description produced in or consigned from any country that imposed quantitative restrictions on imports from the United Kingdom or the non-self-governing colonies. In relation to the German debt situation, the two clauses seemed to devour each other; for the ability of a clearing office to collect the interest due, and Germany's ability to pay it, depended on her having a credit balance of trade with the United Kingdom, whereas Clause 2 was apparently designed to prevent her from achieving such a balance by the principal means that she had found it advisable to employ. The Chancellor of the Exchequer later explained that the second clause had no special relation to the German default, but that the opportunity had been taken to acquire a necessary tariff-bargaining weapon.

The Bill was passed on the 28th June, but meanwhile negotiations had been proceeding in London between representatives of the two Governments for the avoidance of the exchange clearing device.

Their successful conclusion was reported on the 4th July. The German Government agreed to provide, during the six months ending the 31st December, 1934, sterling funds at the Bank of England for the purchase at full nominal value of all coupons of the Dawes and Young Loans which had been in the beneficial ownership of British holders on the 15th June. The terms of the Reichsbank's offer of the 29th May were to apply to all British holdings of all other medium- and long-term debt of Germany, provided that, if more favourable terms were accorded to any other creditor country, Great Britain could claim equivalent treatment, taking into account all the circumstances, including any special advantage that Germany received from the other creditor country. During the period of the agreement the British Government undertook not to exercise in respect of Germany the powers given in the Clearing Office Bill.

No sooner was the problem of the Reich loans out of the way for the moment than the problem of Germany's commercial debt came to the fore. It had been raised in the course of the London negotiations, and Germany had then agreed to negotiate with Great Britain an exchange agreement for commercial payments similar to those concluded with other countries. A delegation went to Berlin for this purpose, and an agreement was signed on the 10th August; it applied only to future transactions, and had no reference to outstanding commercial debts. It provided that if insufficient foreign exchange was allotted to pay in full for goods imported from Great Britain or other parts of the British Empire, the difference might be paid at the option of the trader into a special account at the Reichsbank. These special Reichsmark, or 'Sondermark', as they came to be called, would be sold by the Bank of England, as opportunity arose, for the credit of the British exporters to whom the debts were due. As soon as the special account reached a total of Rm. 5,000,000 no further payments into it would be accepted. Sondermark could be used for practically every purpose inside Germany, but could not be transferred outside. Such was the difficulty in disposing of them on the London market that the limit of Rm. 5,000,000 was reached a month after the arrangement began. In order to facilitate their sale, arrangements were made for dealing in forward Sondermark, and it was announced that these marks could be used for a wider list of purposes, including freight charges on German vessels, ships' disbursements in German ports and purchases of German goods by British firms for export not only to the United Kingdom but to any other country. On the 10th October the President of the Board of Trade appealed to importers and others who had payments to make in Germany to use

the Sondermark account as much as possible. At this time the unsold balance in the account still exceeded Rm. 5,000,000, and the amount notified to the Reichsbank and awaiting allotment to the account exceeded Rm. 11,000,000. A fortnight later the total awaiting transfer in and outside the account exceeded Rm. 19,000,000.

Meanwhile equally serious difficulties had arisen in connexion with Germany's outstanding commercial debts for the settlement of which foreign currency had not been allotted. At the beginning of August, Lancashire yarn exporters had decided to cease exports of yarn to Germany until outstanding debts had been met. A fortnight later the Association of Bradford Export Merchants protested against the conclusion of the exchange agreement of the 10th August without a settlement of outstanding debts, and demanded an assurance from the Government that 'the most energetic steps possible' would be taken to secure such a settlement. A Lancashire deputation visited Germany and returned with an offer involving the liquidation of existing debts over a period of twelve months, and the extension of the period of future credits to six months instead of three. This offer, however, was rejected by the exporters. An official delegation left for Berlin on the 17th September, prepared to negotiate on the question of outstanding debts as well as on that of the future of the exchange agreement of the 10th August. Meanwhile the Board of Trade took steps to ascertain the total of debts that would have to be covered. On the 24th September, the date on which new and more stringent regulations for the allotment of foreign exchange were to enter into force in Germany, an interim agreement was reached, but a comprehensive accord did not emerge until the 1st November. The accord provided, first, for the prolongation of the transfer agreement on long-term debt (including the Dawes and Young Loans) after the 31st December, but with the rate of interest on the funding bonds raised from 3 to 4 per cent. Outstanding commercial debts would be liquidated within twelve months. For this purpose there would be made available an immediate cash payment of not less than £400,000, together with the proceeds of outstanding German claims in London, and, if necessary, a percentage (provisionally fixed at 10 per cent.) of the value of German exports to the United Kingdom. The Sondermark account was to be liquidated within three months, partly by such sales as could be made by the Bank of England, partly through German counter-claims in London, and if necessary partly by the allocation of 55 per cent. of the value of German exports to the United Kingdom. The remainder of the 55 per cent., less the value of the Sondermark sold by the Bank of England, would be definitely earmarked for payment

for current British exports to Germany. Germany agreed not to impose further restrictions on imports from Great Britain at the outset; later she might do so, after consultation with the British Government, but only with the latter's consent could such restrictions be applied to coal and coke, herrings, yarn, tissues or textile manufactures. Germany further undertook not to reduce the proportions of German imports of raw materials and foodstuffs coming from (or by way of) the United Kingdom or the British colonies. The parties had also initialled an exchange clearing agreement which should come into force automatically if the 'liquidation pact' should be denounced. The agreement was greeted with approval by British exporting interests, and the ban on yarn shipments was thereupon raised. A month later it was announced that the Bank of England had granted the Reichsbank a credit of £750,000 in order to expedite the liquidation of outstanding commercial claims. The credit was understood to have been made against the discount of German commercial claims on United Kingdom importers.

The conclusion of the Anglo-German agreement was followed by the despatch of a note to Germany by the United States Government, protesting against 'inacceptable and dangerous' discrimination against United States holders of German bonds. The note declared that the principle that debts should be paid only from the proceeds of direct sales to the creditor country was

dangerous as dislocating the relations between debtor and creditor, and tending to establish a new principle that any international debtor can, in effect, repudiate all or part of the indebtedness that could be paid from the exchange derived from triangular or multilateral trading.

#### (b) THE STANDSTILL AGREEMENT

The story of Germany's 'standstill' debt in 1934 is very different from that of her long-term and commercial external debt. Conferences of the Consultative Committee (appointed under the Standstill Agreement) which were due to take place in July and October were cancelled, as the agreement was working smoothly and there was nothing of sufficient importance to discuss. When the conference between the Debtors' and Creditors' Committees was held in Berlin in February 1935, the main points for consideration were the German claim for a reduction of interest rates in accordance with the general cheapening of money, and the creditors' demand for a cut in the 'unavailed' portions of the outstanding credits. These unavailed credits, which represented contingent undertakings on the part of the creditors to furnish rediscount facilities to their German clients, had

increased in volume in 1934 owing to the fall in Germany's foreign trade, and at the beginning of 1935 no less than Rm. 283,000,000, or 13.7 per cent. of the total standstill credits, were unavailed. There was also the problem of credits guaranteed by the Golddiskontbank. Recognizing the transfer difficulty, the creditors had agreed in 1933 to the postponement of payment under these guarantees,<sup>1</sup> and the German authorities naturally pressed for a renewal of this concession.

A new Standstill Agreement was signed on the 16th February, 1935. There was to be a general reduction of interest, amounting to  $\frac{1}{2}$  per cent. on the greater part of the credits, but owing to the special conditions prevailing in Switzerland the Swiss banks were not asked to accept this reduction. Creditors were authorized to cancel up to 50 per cent. of any credit line that had been unused for two years. While it was recognized that the resumption of Golddiskontbank payments was not practicable, the guarantees might be liquidated by being offset against cancelled unavailed lines, and creditors who released Golddiskontbank guarantees might cancel a corresponding unavailed portion of other lines. In the ten months ended December 1934 the total of credits covered by the agreement had fallen by over Rm. 500,000,000 to Rm. 2,007,000,000. The creditors, in their report on the conference, noted the deterioration in Germany's external trade position, for which they laid considerable blame on the various clearing and compensation agreements. On the other hand, there had been a considerable improvement in Germany's internal economy, and in the liquidity of German banks and other firms. The report added:

The position of many debtors shows, therefore, a remarkable improvement, so that the problem of the liquidity of debts in general has for the time, at any rate, more or less ceased to exist.

### (c) THE GERMAN ECONOMY

The complexity of financial detail involved in the problem of Germany's external debt did not disguise the fundamental issues that the problem raised. Germany's claim that resources for debt service were simply not available in 1934 (whatever surplus there may have been in previous years) could be justified by direct reference to the figures of her foreign trade. In only three months of 1934 did she achieve export surpluses, and these were completely swallowed up in the import surpluses of the rest of the year. Moreover, as has been mentioned above, during 1934 the Reichsbank's gold and foreign exchange reserve fell to negligible proportions. On the other hand, the creditors could

<sup>1</sup> See the *Survey for 1933*, p. 96.

claim, with equal support from German official figures, that little or no effort had been made by Germany to adjust her economy to the necessity of finding through her external trade the means of paying her creditors. Whereas in France wholesale prices fell by 15 per cent. in 1934 (December to December), and even in Italy they were at the same level at the beginning as at the end of the year, in Germany they rose by 5 per cent. Such a consequence was doubtless to be expected from the increase in the note circulation, which rose by Rm. 255,000,000 to Rm. 3,888,000,000. Domestic trade, partly as cause and partly as consequence of this monetary expansion, increased considerably. The index of retail trade rose by 6 per cent. (January to January), and that of industrial production by 18 per cent. The motor-car and the building and construction industries showed particularly striking advances. In the interest of internal revival, Germany reduced to a minimum her economic connexion with the rest of the world in 1934. But signs that the minimum had actually been reached were to be found in her inability to curtail appreciably her imports of raw materials, and in the pressure that the foreign exporters of such industrial necessities were able to put upon her to concede their financial claims.

Hence it was for economic as well as for equally obvious strategic reasons that Germany made persistent efforts to promote 'the economy of substitutes' (*Ersatzwirtschaft*). The development of synthetic substitutes for raw materials—such as rubber and textile fibres—though receiving the most publicity abroad, was not so important economically as the reclamation of outworn and scrap material (rubber, metals, paper), the development of unexploited domestic resources (notably certain tin and iron mines), the import of raw materials at their primary stage instead of partly manufactured (e.g. raw wool and cotton instead of yarn, bauxite instead of bar aluminium), the growth of crops like soya beans previously little known in Germany, and the substitution of materials obtainable in Germany for those which had to be imported. An example of the last kind of measure was the use of aluminium instead of copper; in August 1934 the use of copper for high-tension transmission cables was banned by decree.

All these means of doing without imported materials were pressed forward in 1934, and with some success, but their uneconomic character was shown by the necessity of still stricter control over imports in order to withstand the pressure to buy abroad. The restrictions imposed in March were mentioned in the last volume of the *Survey*.<sup>1</sup> On the 24th September a still more stringent régime was introduced.

<sup>1</sup> See the *Survey for 1933*, p. 97.



It was *à propos* of this decree that special safeguards for British exports were inserted in the exchange agreement of the 1st November.<sup>1</sup> The system of control boards for imports was extended from a limited number of raw materials to all imported commodities. These control boards replaced the former exchange boards in regulating the allotment of foreign exchange, and the system of proportionate exchange rationing thereupon ceased. The Ministry of Economics was given unlimited powers to regulate the internal distribution of imported products. The control boards could issue exchange certificates, without which imports could not be paid for, though they would not be illegal. The Ministries of Food and of Economics and the Reichsbank could from time to time jointly determine the amount of exchange certificates to be issued. Germany had moved one step nearer to the Soviet régime of complete government control of external trade. The external value of the Reichsmark thereby became more artificial than ever. 'It means', we may imagine Dr. Schacht, the financial dictator of Germany, saying as he sat on the wall of tariffs, quotas and exchange restrictions, 'just what I choose it to mean, neither more nor less.' The 'great fall', however, in the shape of a devaluation of the Reichsmark, did not occur, though it was frequently predicted in 1934. The practical cessation of payments on Germany's external debt relaxed one of the main influences behind Germany's policy of maintaining the exchange value of the Reichsmark. On the other hand, the increasing stringency of government control of foreign trade made it the less necessary to depreciate the mark in the interests of traders; for if exports and imports approximately balance, and all are under the hand of the Government, the nominal values at which the transactions are concluded become of minor importance, and the need for keeping cheap the imports of raw materials balances, if it does not outweigh, the need for making cheaper the exports of finished products.

### (v) Three South American Countries

#### (a) ARGENTINA

On the 29th December, 1929, the Argentine Republic deserted the gold standard. The reserves of gold in the Currency Conversion Office were at that time ample, and Argentina was widely criticized for suspending convertibility without the plea of urgent necessity. On the other hand, the balance of trade showed a heavy deficit, large sums of money were being sent abroad in anticipation of an eventual

<sup>1</sup> See pp. 42-3, above.

fall of the peso, and the Government could point to the desirability of forestalling the exhaustion of reserves which might be vitally necessary at some future date. In 1930 and 1931 the peso depreciated by fits and starts, until at the time of Great Britain's suspension of the gold standard it was quoted at \$18·6 (paper) to the pound sterling, compared with a par rate of \$11·45. Although a credit balance of commodity trade was achieved in 1931, gold to the value of £34,000,000 was exported. The degree of internal deflation may be gauged from the fall in the volume of bank deposits from 4,029,000,000 pesos at the end of 1930 to 3,555,000,000 pesos at the end of 1931.

The fall of the pound was a very serious matter for Argentina, since Great Britain was her best customer, one of her principal suppliers, and an investor to the tune of some £300,000,000 in Argentine enterprise and Government bonds. The peso fell sharply in September and October 1931, till the premium on gold-standard currencies exceeded 80 per cent. On the 10th October the Provisional Government issued a decree establishing an Exchange Control Commission to regulate all exchange operations and to fix daily rates for the purchase and sale of exchange. The Commission acted tentatively at first, but later it virtually pegged the peso to the United States dollar. When the latter went off the gold standard in March 1933, the gold franc became the anchor for the peso. At the end of November 1932 a special advisory committee appointed by the Government to consider the working of the exchange system had presented their report. One of their recommendations was:

That through the [Exchange Control] Commission there should be initiated a policy of commercial reciprocity with those countries which purchased Argentine exports; and that for this purpose the available exchange ought to be distributed, after satisfying the needs of the National and Provincial Governments, amongst the drawers of drafts according to the destination of remittances, in order that each foreign country should receive a quantity of exchange approximately proportionate to the amount of Argentine produce which it had received during the previous year.

The most striking embodiment of this principle was effected in the Anglo-Argentine Agreement of the 1st May, 1933 (the Roca Convention), Article 2, paragraph 1, of which ran:

Whenever any system of exchange control is in operation in Argentina the conditions under which foreign currency shall be made available in any year shall be such as to secure that there shall be available, for the purpose of meeting applications for current remittances from Argentina to the United Kingdom, the full amount of the sterling exchange arising

from the sale of Argentine products in the United Kingdom after deduction of a reasonable sum annually towards the payment of the service of the Argentine public external debts (national, provincial and municipal) payable in countries other than the United Kingdom.

The same principle was given application in subsequent agreements between Argentina and Belgium, Holland and Switzerland.

At the end of November 1933 the Argentine Government decided upon a new exchange policy. All except a small percentage of foreign exchange arising from export drafts was to be surrendered to the Exchange Commission at artificially fixed rates; but, instead of stabilizing both buying and selling rates against gold or sterling, the Commission was to sell exchange by tender to importers and others in possession of remittance certificates. The margin between buying and selling rates would furnish a fund which was intended to cover losses incurred by the Grain Regulation Board in the purchase of grain at fixed minimum prices which were then substantially above world prices. Foreign exchange not compulsorily surrendered to the Commission could be bought and sold in a free exchange market, where it commanded a considerable premium over the tender rate. The average profit gained by the Exchange Control Commission between buying and selling was about 12 per cent. on the turnover, or about \$2 per pound sterling. In the first ten months in which the new law operated, the Commission's profit totalled \$91,200,000, to which there could be added some \$5,000,000 gained by the Government in their transactions on the free-exchange market. Out of these profits, \$24,600,000 were allotted to the Treasury for exchange losses on remittances for debt service and other purposes, \$8,800,000 went to meet the losses of the Grain Regulation Board, and \$1,700,000 were distributed to producers by the Dairy Industry Regulating Board to compensate for the low prices that they had received throughout the year. The balance of the profit remained unallocated, and the Government had also acquired a surplus of \$71,900,000 in foreign currency which was being utilized as an exchange equalization fund. This accumulation of foreign exchange incensed those who had been unable to obtain sufficient for their requirements.

The small amount needed by the Grain Regulation Board belied all forecasts made when the new system was introduced. The drought in the United States was of very great assistance to the Argentine grain trade, and the price of wheat in pesos rose by 62 per cent. between November 1933 and the following August. The Argentine wheat crop was also above expectations, a fact which hindered considerably the operation of the International Wheat Agreement, as

Argentina was in no position to keep within her allotted annual quota. During this same period the price of maize was nearly doubled. Later there was a recession, but from the middle of 1933 onwards the Grain Regulation Board was probably able to make a profit on the majority of its operations. Expressed in Argentine currency, the prices of wool and mutton (the supply of which to the British market had been restricted under the Anglo-Argentine agreement and supplementary agreements with the Dominions) also rose, in 1934, by a greater proportion than would in any event have been expected to follow the depreciation of the currency. The only products among Argentina's principal exports to show a fall of price were butter and frozen beef. Her total export trade showed a rise of 10·7 per cent. in volume compared with 1933, and a rise of 28·3 per cent. in value. Imports increased by 6·2 per cent. in volume and 23·7 per cent. in value, and the surplus of exports over imports rose from \$223,000,000 to \$328,000,000. Over 80 per cent. of that export surplus arose out of trade with Great Britain; but the latter took a smaller proportion of Argentina's exports in 1934 than in 1933, while supplying a larger proportion of her imports.

The exchange policy initiated in November 1933 thus appears to have been of service to Argentina, both in improving her balance of payments and in relieving internal conditions. Credit became easier, money circulated more freely, and the budget showed a small surplus in place of the 1933 deficit. At the same time it must be recognized that Argentina had gained considerably by changes in world conditions that were outside her direct control. At the beginning of 1935 Argentina was engaged upon the establishment of a central bank and the rationalization of her currency and exchange system. The central banking law contemplated the eventual return of the peso to the gold standard,<sup>1</sup> the maximum depreciation allowed being equivalent, at the then existing rate of exchange between sterling and gold (140s. an ounce), to a parity of \$15·35 to the pound.<sup>2</sup> Meanwhile the new institution was to take over the functions of the Exchange Control Commission and the assets of the Exchange Profit Account and of the Foreign Currency Fund. The system of fixing a price for export bills

<sup>1</sup> To be exact, a combination of the gold bullion standard and the gold exchange standard.

<sup>2</sup> It was announced on the 1st June, 1935, that the gold stocks of the Argentine Central Bank were to be revalued at the rate of 25 pesos to the gold pound, equivalent, at the existing price of gold in London (approximately 142s. an ounce), to about \$15 to the paper pound. The open market rate for Argentine pesos at that date was \$18·7 to the pound, while the official rate was \$15 to the pound.

well below the price charged for exchange to importers was to continue, the maximum margin to be 20 per cent. ; and the foreign currency fund was to be used, as before, as a stabilizer of the exchanges.

(b) BRAZIL

The economic career of Brazil was closely bound up with the market for coffee, which even after the collapse of prices constituted no less than 70 per cent. of her exports. Between 1921 and 1929 the Government pursued a policy of maintaining an artificial price for coffee by holding stocks off the market. As a result, however, production was stimulated, and a series of abnormally large crops was followed by the total collapse of the world coffee market. The price of coffee in the United States, the principal consuming country, fell from 24·8 cents a pound in March 1929 to 7·6 cents a pound in October 1931. The Brazilian Government were left with vast stocks of coffee which they could not sell, and they were forced to adopt a policy of destroying the coffee in the warehouses, financing the operation by a tax on raw coffee. By the beginning of 1934 some 26,000,000 bags of coffee had been burned and stocks had been reduced to economic proportions. The price, as a result, improved considerably. But the prospect of a record crop in 1933-4, owing largely to the entry into bearing of growths planted during the boom years, caused a sharp recession, and in April 1934 coffee burning was resumed. The collapse of the coffee market in 1930 naturally caused severe trouble in two main fields—public finance and the balance of external payments. The aggregate deficits of the Federal Government from 1930 to 1934 inclusive exceeded 3,000,000 contos of reis. Exports fell by nearly one-third in local value in a single year (1929 to 1930), but imports declined equally sharply, and the surplus of exports, expressed in Brazilian currency, actually rose. Milreis, however, had depreciated, and the burden of foreign debt service was proportionately increased.

When, at the end of 1930, Senhor Vargas became dictator, the gold reserve was almost exhausted. In September 1931 all foreign exchange transactions were placed under the control of the Bank of Brazil, and a few weeks later a three-year moratorium was declared upon all the external debts of the states and counties and of the Federal Government, except two funding loans and a coffee loan which had been specially secured. In February 1934 a new debt scheme was promulgated. Government bonds were divided into eight categories, ranging from the funding loans of 1898 and 1914 and the funding bonds that had been issued in lieu of cash for debt service under the 1931 scheme, on which full interest and sinking fund was to

be paid, to a Cinderella group which was to receive neither interest nor sinking fund. The balance not paid in foreign currencies would have to be paid by the various governmental debtors in milreis, which would be available for relending to the Government. If the foreign exchange resources available were more than enough to pay what was due under the scheme, the balance would be applied to purchasing bonds below par. The scheme was imposed over the protests of bondholders. In January 1935 funds were not forthcoming in London for the service of certain loans, which fell due at that date under the scheme, but a fortnight later the sums payable were transferred and the scheme returned to normal operation.

Considerable difficulties had also arisen over the settlement of outstanding commercial debts. In March 1935 an agreement was signed between the United Kingdom and Brazilian Governments for the liquidation of these debts; the latter Government undertook to set aside for payment of commercial debts £1,200,000 annually out of the percentage of foreign exchange reserved for the Government, and a further annual amount of £853,000, if necessary, upon the termination of the arrangement of June 1933, under which the Bank of Brazil had agreed to settle arrears outstanding at that date. The annuity was to be used as the service of 4 per cent. stock to be issued to the creditors.

Meanwhile changes had taken place in the Brazilian exchange system. The system initiated in September 1931 was similar to that enforced in Argentina, but it differed in important particulars. Only 89 per cent. of export bills arising from the sale of coffee, and 25 to 50 per cent. of the bills arising from the export of other products, had to be sold to the Government, which used the proceeds for debt service and for sale at a cheap official rate to selected importers. The remaining export bills could be sold at a limited premium on the 'grey' market. There was also an illegal 'black' market, where exchange urgently required could be had at a high premium, but in May 1934 the 'black' exchange market was whitened by official recognition, and later in the year the free market was further benefited by the release of a larger proportion of export bills from Government control. At the end of 1934 the free rate of milreis on London was about 24 per cent. lower than the official rate. At the beginning of December 1934 the Bank of Brazil announced that, since exchange for the official market was derived at that time entirely from coffee exports, exchange on that market would be allocated in proportion to the purchases of Brazilian coffee made by the different countries. Under this arrangement, the United States would receive 46 per cent. of the exchange

available. Great Britain, though adversely affected by this plan, could make no complaint against its principle, in view of the similar terms of the Roca Agreement with Argentina.<sup>1</sup> Two months later Brazil concluded a trade treaty with the United States under which both countries reduced tariffs on each other's products, and Brazil undertook to provide exchange in full for all future imports from the United States, to pay the service on the funding notes representing blocked debt service, and to apply any balance of dollar exchange to the liquidation of outstanding indebtedness.

While the United States was by far the greatest consumer of Brazilian coffee, the growing diversification of Brazil's exports tended to diminish the relative importance of the United States in the total export business of the country. The danger of reliance upon one export crop far above all others, and the need for a diversification of Brazil's primary production for internal as well as external economic reasons, had been stressed by Sir Otto Niemeyer when he reported to the Brazilian Government on the economic and financial condition of the country in 1931. One of the most important alternative crops was cotton, and in the export of raw cotton Brazil achieved an important advance in 1934. Whereas the gold value of coffee exports fell from £26,168,000 (gold) in 1933 to £21,541,000 in 1934 (reckoning the pound at its pre-1931 gold parity), the gold value of cotton exports rose from £369,000 to £4,667,000. The latter product was marketed mainly in the United Kingdom, where it replaced American cotton. The aggregate gold value of all exports was barely changed in 1934 compared with the previous year, while imports fell by very nearly £10,000,000 (gold). Under the régime of a low exchange rate and comparatively liberal credit conditions at home, Brazilian manufacturing industry was prosperous and expanding.

### (c) CHILE

The dependence of Brazil on coffee, and of Argentina on wheat and meat, was matched by Chile's dependence on nitrate and copper. Not merely her external balance of payments but her whole social and economic equilibrium rested upon the production of these two commodities; for the opportunity of industrial employment in the mines or on the nitrate fields was an irreplaceable safeguard against agrarian revolt in the central, agricultural part of Chile. Most of the agriculture, together with the government of the country, was in the hands of a few large landowners. Thus to the collapse of nitrate and

<sup>1</sup> See above, p. 47.

copper prices must be ascribed not only the direct financial and economic difficulties of Chile but also the series of revolutions and counter-revolutions between the overthrow of President Ibáñez in July 1931 and the election of President Alessandri in October 1932.

The troubles of the nitrate industry originated, long before the slump, in the rapid development of synthetic nitrogen production, an industry fostered by Governments as an engine of war as well as for reasons of economic nationalism. At the same time, Chile's own productive capacity was increased by the introduction of new capital from the United States and the construction of the two great Guggenheim plants, the Maria Elena and the Pedro de Valdivia. In two years, between 1926-7 and 1928-9, Chile's output of nitrogen<sup>1</sup> rose from 203,000 tons to 508,000 tons, while synthetic production rose from 1,031,000 tons to 1,544,000 tons. World productive capacity approached 4,000,000 tons per annum, whereas consumption, even in 1929-30, did not exceed 2,000,000 tons. Hence the world slump only precipitated and exaggerated a collapse that was already inherent in the position of the nitrate industry. Chile's nitrate production, which in 1924-5 had been valued at over £23,500,000 (gold), was worth less than £2,000,000 (gold) in 1932-3. On the 21st July, 1930, the Ibáñez Administration established by law the *Compañía de Salitre de Chile* (known generally as 'Cosach'). This corporation, whose shares were held partly by the Government and partly by the producing interests, acquired 95 per cent. of the country's productive capacity, including the Guggenheim enterprises, in whose plant it was intended to concentrate the treatment of nitrate. Besides gaining the benefits of rationalization, the industry was to be relieved of the burden of the export tax, one of the principal revenue items in the Chilean budget; the Government, in return, obtained shares in the enterprise and were guaranteed a minimum return during a transition period ending in 1933.

Cosach did not have a very successful career. No sooner was its formation complete, in August 1931, than the Government were obliged to declare a complete moratorium on their external debt, and in the spring of 1932 the service of all the funded debt of Cosach was suspended, excepting certain prior secured bonds of an international loan. Meanwhile public outcry had been raised in Chile against the new concern, on the grounds, *inter alia*, that the nation had sold its birthright for an inadequate consideration, that the value of the Guggenheim plant and process had been exaggerated, that watered stock

<sup>1</sup> The nitrogen equivalent of Chile nitrate is approximately one ton of nitrogen to 6½ tons of nitrate.



had been acquired from the producing companies, and that rationalization would throw two-thirds of the nitrate workers out of employment. The Alessandri Government came into office in December 1932 pledged to dissolve Cosach, an act which they immediately performed. In January 1934 a law was passed establishing a Chilean Nitrate and Iodine Sales Corporation, which was granted for thirty-five years the monopoly of buying nitrate and iodine from the producers and selling and distributing them in world markets. Five directors were to represent the Government and five the producing companies, while the President of the Corporation was to be elected by these ten voting together. The price paid for nitrate was to be the direct cost (i.e. omitting all capital charges) plus U.S. \$1.50 per ton. The Government were to receive a quarter of the profits, in return for which they would forgo all export duties and all income tax or other taxes on the producers. Of the remainder of the profits, not less than 20 per cent. was to be appropriated, in the initial stages, for paying off bank debts secured on old stocks of nitrate. The next charge was service on the bonds of the defunct Cosach, which were also to receive for extraordinary amortization 30 per cent. of the remaining profits, the residue going to the producing companies. In 1933-4, however, when profits of £1,286,252 were recorded, the whole of the companies' share went to pay off a debt of 140,000,000 pesos due to the state from Cosach in respect of the year 1933.

A satisfactory scheme of financial and marketing organization having thus been found by the Chilean nitrate industry, its next problem clearly was to secure an international agreement with the synthetic producers. From 1929 onwards, there had been sundry agreements between the producers in Chile and the synthetic nitrate manufacturers, or among the latter, for the allocation of markets or the maintenance of prices, but it was not until July 1934 that a comprehensive and effective accord was reached in Paris. It provided for a sliding scale of prices fixing the price-relation between synthetic and Chilean nitrate, and also for the allocation to Chile of a share in certain European and other markets. The synthetic industry was already organized in an international cartel; and, as the latter was due to expire in June 1935, the Paris agreement was to be of one year's duration only.

After the entry of the Guggenheim interests, the ownership and control of the nitrate industry in Chile had been shared between British and American capital, the former having been responsible for the original development of the industry. The copper mines, on the other hand, were almost exclusively in the hands of United States

interests, chiefly the great companies mining and smelting copper in the United States itself. The history of the Chilean copper industry during the depression is a facet of the history of world trade in copper. Apart from the general collapse of prices two changes struck particularly hard at Chile—first, the virtual closing of the United States market, the natural market for such American-owned copper production, by the imposition of an import duty of 4 cents a pound; and second, the rapid rise of the African copper industry. Northern Rhodesia, whose output rose from 20,000 long tons in 1931 to 137,000 long tons in 1934, now rivalled Chile and the Belgian Congo as a low-cost producer of copper. The international restriction agreement concluded in March 1935 opened up for Chile the prospect of very profitable copper production, at the price of a cut of one-third in the output of the mines.

The collapse of prices for nitrate and copper wrecked Chile's internal as well as external capacity to pay her governmental debts. The budget, inflated by charges for the extravagant borrowing of the Ibáñez régime, fell into serious deficit in 1931, and in that year the surplus of exports over imports, which had been 675,000,000 pesos in 1929, totalled only 117,000,000 pesos, following on a deficit in 1930. Between October 1928 and the middle of 1931 the gold reserves of the central bank fell from 615,000,000 to 195,000,000 pesos. On the 18th August, 1931, Chile declared a complete moratorium on her foreign debt, and payments had still not been renewed at the end of 1934, by which time the arrears of interest approached a total of £20,000,000. Meanwhile, the foreign trade position had improved considerably, partly through a revival of export values, partly through a remarkable economy in imports. The export surplus in 1934 was 272,000,000 pesos (gold). Foreign exchange was subject to official control, under a régime not unlike those of Argentina and Brazil. At the beginning of 1935, as a step towards a freer exchange system, the official exchange rate was lowered from 3*d.* (gold) per peso to 1½*d.* (gold), the latter rate corresponding to 94 pesos to the pound sterling, against a rate of 117 pesos ruling in the 'barter' market. The ratio between the latter rate and the par rate of 40 pesos indicated the effective depreciation of the Chilean peso at that time. Chile's foreign exchange situation was rendered the more stringent by a series of 'compensation' agreements entered into with eleven European countries, appropriating part of the proceeds of Chile's exports to those countries for the redemption of outstanding commercial debts. The Bill for the resumption of service on the public debt, which was passed at the beginning of 1935, provided that the whole yield of taxation on the

copper mines, together with all the Government's share of the profit on sales of nitrate and iodine, should be handed to the Caja de Amortización, one-half to be used to pay interest and the other half, less certain expenses, to be applied to sinking fund. The measure was greeted with much criticism by the bondholders; their grievances included an objection on principle to such unilateral treatment of the debtor-creditor problem, and the complaint, which had been raised most forcibly against the German Government, that moneys due to bondholders were being used to buy up, at bargain prices, bonds which had depreciated on account of the default itself.

Meanwhile the internal condition of Chile had shown a remarkable revival since 1932, and the British Commercial Secretary at Santiago could write, towards the end of 1934: 'There is no unemployment problem in Chile to-day'.

#### (d) SUMMARY

The economic experiences of the three South American republics which have been considered were uniform in many general respects. All had borrowed heavily in the pre-slump years, all found difficulty in meeting their external commitments after the prices of their exports had collapsed, and all managed to establish and enlarge export surpluses which progressively improved their capacity to pay. Argentina did not default on her public long-term debt, and Brazil's default was never complete, but even the former achieved that record only by stringently checking remittances in foreign exchange by the railway companies and other commercial enterprises. All three countries gained by the depreciation of the pound and the dollar against gold, which lightened the real value of their obligations expressed in those currencies. The depreciation of their own currencies, not only against gold but even against sterling, enhanced the local (that is, the budgetary) cost of their external debt service, but at the same time it helped to right their balance of payments by handicapping imports and promoting exports. At the beginning of 1935 their currencies were depreciated in the following degrees against their sterling parities: the Argentine peso by 42 per cent.; the Brazilian milreis by 45 per cent.; the Chilean peso by 65 per cent. (These, of course, were the unofficial or open market rates.) Each of the three countries had been compelled by the circumstances of the depression to sign bilateral commercial treaties with foreign countries based on the principle that only he who buys can be allowed to sell (or to be paid for past sales or past investments). How far this bilateral principle, which might be regarded as a step towards barter in international trade, would

survive the particular circumstances that gave it currency was in 1935 a matter for speculation.

It is interesting to note that the internal and external economic revival of these three South American countries, like that of those British Dominions which were also debtors and exporters of primary produce, began before any substantial rise was apparent in the prices of their principal products as expressed in sterling. It was not until 1934 that there was any appreciable rise in the prices of wheat or coffee or nitrates; even at that date the price of beef was still falling, and the prices of copper and wool were receding after an improvement in the previous year. Such recovery during a régime of continued low prices may be attributed to four main causes—a great economy in costs of production, a tightening of the belt against the appetite for imports, a greater diversity of primary production for export, and an expansion of home industries—and all these changes seemed likely to leave a permanent mark upon world economic development.

#### **(vi) The British Oversea Dominions**

##### **(a) TOWARDS RECOVERY**

In spite of the continued depression of prices for primary commodities, the overseas parts of the British Empire achieved an appreciable measure of economic recovery in 1934. Their revival dated, indeed, from a year or two earlier, and was intimately associated with the depreciation of sterling. When the pound left gold in 1931, Australia, New Zealand and Canada were already off the gold standard in the vital sense that the export of gold, obtainable for notes at par, was no longer being freely permitted. The Australian and New Zealand currencies naturally followed sterling, since the bulk of those Dominions' trade was done with Great Britain, and since their financial connexions were almost exclusively with London. The Canadian dollar, attached to the economy of the United States by close commercial and financial ties, was left suspended between sterling and the United States dollar. India and the Irish Free State, which were both already on the sterling standard, took the only possible course and continued to attach their currencies to sterling, in spite of the injury to their sense of national independence. Only the Union of South Africa resisted the depreciation against gold, partly out of a belief that anything which brought nearer a general abandonment of the gold standard would be against the ultimate interests of the Rand mining industry; and partly because, in Mr. Havenga's words, 'there is a grave risk in a small country like South Africa with

a small population, where a small section can exert strong political pressure, that if you once slip your anchor it will be practically impossible to stop what we call inflation'. Under the régime of the gold standard, however, South Africa's economic difficulties multiplied, and in December 1932 a political crisis caused by Mr. Tielman Roos's campaign for the abandonment of gold was followed by the suspension of convertibility and the virtual attachment of South Africa's currency to sterling at the old pound-for-pound rate. Meanwhile, the premium on sterling in Australia, after standing for a while at 30 per cent., had settled at 25 per cent. The New Zealand pound was depreciated to the same level in January 1933, after a period of acute internal controversy over the maintenance or increase of the then existing 10 per cent. premium on sterling.

The fall of their currencies against gold, and in some cases against sterling, helped the Dominions in several direct and indirect ways. To the extent that the market for the products which they exported was a world market and not a 'sterling area' market, and to the extent that world prices were not themselves depressed by deflationary measures following the fall of sterling and associated currencies, the Dominions obtained higher prices for their exports in terms of their own currencies. Their local monetary systems were freed from the restraints imposed by the need for protecting metallic reserves. Their manufacturing industries obtained a measure of protection against imports. Furthermore, each of them was a producer of gold on an appreciable scale—the one commodity whose price in their own currencies would assuredly be multiplied by the full measure of the depreciation. The following table shows the growth of their gold production after 1930.

GOLD PRODUCTION  
*In thousands of fine ounces*

	<i>Canada.</i>	<i>Australia.</i>	<i>New Zealand.</i>	<i>S. Africa.</i>	<i>India.</i>
Average 1928-30	1,974	451	121	10,494	356
1931 . . .	2,694	595	130	10,878	330
1932 . . .	3,044	714	166	11,559	330
1933 . . .	2,949	830	162	11,014	335
1934 . . .	2,964	878	152	10,480	321

These figures must be read in the light of two very important facts. First, the policy of the Rand mining industry, with the active concurrence of the Union Government, was to lower the average grade

of ore mined as the price of gold rose. The effect of this was to keep the swift advance of profits in check, to stabilize the volume of output—even to restrict it—and to prevent the exhaustion of the underground assets of the mines. Second, with every fall of British Empire currencies against those still on the gold standard, the price of gold expressed in the former rose proportionately. Thus the average price of gold in London during 1934 was 137*s.* 8*d.* per fine ounce, compared with a gold-standard price of 84*s.* 11*d.* per fine ounce. The result of this rise of price for the Dominions may be illustrated from the experience of Canada, whose output of gold fell from 3,044,000 fine ounces in 1932 to 2,964,000 fine ounces in 1934, whereas the value of that output rose from \$63,000,000 to \$102,000,000. It may also be noted that other British countries besides the Dominions and India shared in the prosperity of gold mining. Output in Southern Rhodesia rose from 532,000 fine ounces in 1931 to 691,000 fine ounces in 1934; on the Gold Coast from 262,000 fine ounces to 324,000 fine ounces in the same period; and in New Guinea (mandated to Australia) from 44,000 fine ounces to 160,000 fine ounces.

India was affected less by the value of new production than by the withdrawal of gold from hoards. Great hidden reserves of gold were known to exist in India, but their amount could be estimated only vaguely. In the three and a half years ended March 1935 the total value of gold shipments from India was no less than £173,000,000. But for these exports, India's task of squaring her external balance of payments would assuredly have been insuperable without drastic deflation and a great curtailment of imports, or else a relapse of the rupee from the sterling standard.

In some measure the increased value of gold helped every one of the oversea Dominions to balance its external accounts. After 1931, however, the external balance of payments ceased to be their foremost economic problem. Up to 1929–30 Australia had an excess of imports over exports, but in 1930–1, on a greatly reduced volume of trade, she achieved an export surplus of £28,000,000 sterling, and by the following year this had been raised to over £40,000,000 sterling—a figure amply sufficient for the service of her overseas debt. New Zealand had a still more striking experience. Between 1929–30 and 1933–4 her imports were cut from £49,000,000 (N.Z. currency) to £27,000,000, while her exports were raised from £47,000,000 to £49,000,000. The result was the accumulation of large excess balances in sterling, after all debt charges had been met. The Dominions, as a group, had righted their trade balances by exchange depreciation, by higher general tariffs and special surcharges on imports (especially

in Canada under the 'Canada First' tariff, and in Australia under the 'Scullin' tariff), by bounties on exports (especially in Australia and South Africa), and by internal deflationary measures designed to diminish their costs of production and to increase their world competitive capacity. They were also helped by the improvement of the price of certain primary products (most notably wool) in 1933 and 1934.

In the second phase of their course through the depression, their main problem was not external but internal—to cope with the impoverishment of primary producers and with heavy unemployment. The depreciation of their exchanges contributed directly to the solution of the first problem, and to that of the second also in so far as it enabled industry to expand under its protective shelter. Broadly speaking, however, the task was one of internal monetary expansion, as far as was consistent with the maintenance of external stability and the solvency of Governments.

#### (b) THE AUSTRALIAN PLAN

The efforts of Australia in this direction were so remarkable, in their comprehensiveness and coherence, in the fashion of their conduct, and in the measure of their achievement, that they must be treated at some length. But, before the famous 'Premiers' Plan' and its effects are described, some account must be given of the constitutional relations of States and Commonwealth in Australia; for at various points in the narrative these relations played a very important part. The Constitution of the Commonwealth had placed the latter in a much stronger fiscal position than the States, and considerable dispute soon arose over the subsidizing of the States from Federal funds. In 1927 a Financial Agreement was reached between representatives of all the States and of the Commonwealth Government, and was subsequently incorporated into the Constitution after a referendum had been taken. It stabilized the ordinary contribution of the Commonwealth to State finances, but its main provision was that the Commonwealth should take over the responsibility for the existing debts of the States, though the latter were to continue to find the money for interest and sinking funds. All subsequent loans (except temporary accommodation or loans for defence purposes) were to be raised on Commonwealth credit, upon the recommendation of a statutory Loan Council, comprising representatives of all the State and Commonwealth Governments. Co-operation on financial and other matters was also secured after 1928, though under no constitutional sanction, by periodical conferences of State and Commonwealth Premiers.

In January 1931 the Premiers' Conference then in session found itself faced with a very grave financial and economic position. A deflationist report from a committee of Treasury officers was countered by Mr. Lang, the Premier of New South Wales, with a proposal that internal interest on Government bonds should be reduced to 3 per cent., that oversea interest payments should be withheld pending agreement upon a similar reduction, and that the gold standard (already in suspense) should be supplanted by 'currency based on the wealth of Australia'. The majority of the Conference, however, preferred a resolution in favour of balancing budgets in three years' time, reducing salaries and wages in accordance with the fall in the cost of living, taxing interest on Government bonds at the source, and putting on the banks the responsibility for reducing interest rates.

When the Premiers' Conference was convened again in the following May it had before it a report of a mixed committee of economists and Treasury officers, under the chairmanship of Professor D. B. Copland. This report formed the basis of the 'Premiers' Plan', which was adopted unanimously by the Conference, with the concurrence of the Leader of the Opposition in the Commonwealth Parliament, on the 10th June, 1931. The plan, which was adopted—so its preamble ran—as an indivisible whole, embraced the following measures: a reduction of 20 per cent. in all adjustable Government expenditure, including all wages, salaries and pensions; the conversion of internal debts of the Governments on the basis of a reduction of interest by  $22\frac{1}{2}$  per cent.; the securing of additional revenue by taxation; a reduction of bank and savings-bank rates of interest on deposits and advances; and legislative relief for mortgagors. 'These measures,' ran the resolution of the Conference, 'drastic as they may appear, are the first essentials to the restoration of prosperity and the re-employment of our workless people. The necessary sacrifice is due to inability to pay, and it must, therefore, be shared by all.'

The part of the plan that aroused the greatest controversy was the conversion of internal debt to a lower rate of interest. A 'National Appeal Executive', consisting of the Prime Minister, the Leader of the Opposition and the Chairman of the Commonwealth Bank Board, conducted a vigorous publicity campaign, as a result of which the holders of over £510,000,000 out of a total internal public debt of £558,000,000 signified their assent to a conversion loan reducing rates of interest by  $22\frac{1}{2}$  per cent. A further £31,000,000 was converted automatically, under the terms of the governing Act, in the absence of notification one way or the other, and holders of less than £17,000,000 signified their dissent. The percentage of voluntary



acceptance being so high, the Governments felt justified in applying compulsion in respect of the residue, provision being made for the cash redemption of securities held by necessitous persons. How far the likelihood of eventual compulsion induced the majority of holders to seek the satisfaction of voluntary self-sacrifice while there was yet time it is impossible to say. One very powerful motive was undoubtedly the knowledge that a dangerous resentment would be aroused by a cut in wages unaccompanied by an equivalent curtailment of *rentiers'* incomes. The conversion was completed in September 1931.

Although, however, the contrast between cuts in wages and undiminished incomes from property had been avoided, another equally striking, though politically not so perilous, contrast remained. Unlike his fellow within the Commonwealth, the external holder of Australian bonds continued to receive his full interest, a fact which particularly incensed Mr. Lang, the Labour Premier of New South Wales. Early in February 1932 he announced that New South Wales was about to default on interest due on its loans in London and New York, and in Australia too. The Commonwealth Government, after a short delay, met the payments due, and in the interests of Australian credit they proceeded to pass into law a measure designed to remove all doubts about Commonwealth liability for debts pooled under the Financial Agreement. New South Wales being still recalcitrant, another measure, the Financial Agreements Enforcement Act, was passed giving the Commonwealth drastic powers to attach State revenues and other moneys in the event of a State default on moneys due under the Agreement. In May, Mr. Lang was dismissed from the premiership by the State Governor on the ground that he had given illegal orders in defiance of Commonwealth authority, and in the subsequent elections he suffered a signal defeat.

The conversion of internal debt was calculated to save the Governments £6,500,000 per annum—an essential part of the budgetary adjustments agreed upon in the Plan. The aggregate deficits of States and Commonwealth had been £25,000,000 in 1930-1, and were estimated at £41,000,000 for 1931-2. The economies and fresh taxation accepted by the Premiers' Conference were estimated to reduce the latter figure to £13,000,000. This result would actually have been achieved in the aggregate, but for the special difficulties of New South Wales, whose deficit rose to £14,000,000 against a Premiers' Plan estimate of £6,000,000. By 1932-3 the New South Wales deficit had been cut to £4,000,000, and thanks to a considerable surplus on the Commonwealth budget the combined accounts of all

Australian Governments showed a deficit of only £5,000,000, which was more than covered by sinking-fund payments. At that stage, however, there began to appear a grave contrast between the fiscal capabilities of the States and those of the Commonwealth. In 1933-4 the States could do no better than incur a joint deficit of £7,000,000, whereas the Commonwealth was able to remit taxation and increase expenditure to the tune of an estimated £9,000,000, and yet achieve a surplus of over £1,000,000. The contrast, which was maintained no less sharply into 1934-5, was due mainly to the much greater elasticity of customs, excise and sales tax, the principal sources of revenue for the Commonwealth Government, by comparison with direct taxation, upon which the States were forced chiefly to rely.

The financing of these State deficits was beginning to prove a matter of real difficulty. The authors of the Premiers' Plan acknowledged that the gap in Government accounts would have to be covered for a while by borrowing, a process which in the ordinary way might have been expected to keep up rates of interest in the Commonwealth. Nevertheless, they pressed for a general reduction of interest rates. Curiously, these two measures were in a certain degree complementary, rather than conflicting; for, in the absence of an organized money market or of any considerable quantity of commercial bills, the trading banks had been compelled to keep an abnormally high proportion of their assets in the form of cash, whereas if they could procure Treasury bills from the Commonwealth Bank they could replace a certain amount of their idle money with interest-bearing assets, and thus reduce their charges to their customers. The reductions effected in the rates of interest paid on fixed deposits generally preceded reductions in the rates charged on bank advances.

Before long, however, the Board of the Commonwealth Bank became uneasy about the steady growth of the volume of Treasury bills, and pressed for its reduction by means of funding as well as of stricter budgeting. As early as January 1932 the Chairman of the Bank addressed a letter to the Chairman of the Loan Council calling attention to the growth of the floating debt, and suggesting that the Bank might refuse to afford 'national finance'. At the beginning of the depression period, the public works programmes of the Governments, which were not covered by their ordinary budgets, had been financed by Treasury bills, but in April 1932 a loan of £2,400,000 was raised for this purpose, and in October 1933 it was decided, under pressure from the Bank, to issue a loan of £8,000,000 for unemployment relief works and for the funding of Treasury bills. In the following February the Loan Council agreed with the

Commonwealth Bank that all future requirements for loan programmes should be raised on the open market. Conservative finance was carried a step further in June 1934, when the Bank Board only agreed to discount Treasury bills for the financing of prospective deficits during 1934-5 on the condition that half the amount should be funded within six months and the remainder within twelve months. The Bank further declared that in future it would not finance deficits even temporarily by Treasury bills, except to the extent of the seasonal lag in revenue. One effect of this pressure from the Commonwealth Bank was to range Governments of different political complexions in common resistance to the Bank's policy; hence the most important line of division at the periodical Loan Councils was not generally that between Commonwealth or States, or that between Governments of the Right and of the Left, but that between borrowers and lenders. The psychological effect upon the public at large was an important asset to those who were pressing for a reform of the banking system in Australia in the direction of greater public control.

The necessary governmental economies depended upon substantial cuts in wages and pensions, which in turn implied a general reduction of the money-wage standard throughout the country, since a high proportion of the labour force was in the employment of the various Governments. In January 1931 the Commonwealth Court of Arbitration, after surveying the whole economic position, had awarded a 10 per cent. reduction in all railway wages which were the subject of the case before them, and this judgment was followed by others, making the same reduction in practically all wages and salaries which were determined by Federal award. Wages under the jurisdiction of State arbitration courts were gradually brought into line, except in Queensland and Western Australia. This 10 per cent. cut was imposed over and above the automatic reductions in accordance with the fall in the cost of living, and at its lowest point at the beginning of 1933 the nominal basic wage was 30 per cent. below the level of 1926. In May 1933, however, the Commonwealth Court gave a judgment concerning the computation of the cost of living which had the effect of restoring over one-half of the 10 per cent. cut, and in April 1934 this increase was further consolidated. In an important minority judgment on the latter occasion, Judge Beeby held that, while productivity must remain the basis of wage-determination, more consideration should be given to the effects of wage alterations on the distribution of national income. He agreed with his colleagues that some of the spending power transferred from wage-earners by the 1931 cut had not been spent by the employers, and he argued

that the fall in the proportion of national income going to wage-earners was adverse to Australian recovery.

The comparative flexibility of wage-scales under a system of statutory awards, in a period of general depression, was one of the most interesting aspects of Australian economic history in these years. The following table provides evidence on this point.

### WAGE INDEX NUMBERS IN AUSTRALIA

(1928 = 100)

	<i>Nominal Wages.</i>	<i>Unemploy- ment %.</i>	<i>Retail Prices.</i>	<i>Real Wages.</i>	
				<i>(a) Full Work.</i>	<i>(b) Allowing for Unemployment.</i>
1928 .	100.0	10.8	100.0	100.0	100.0
1929 .	100.4	11.1	103.5	97.1	96.6
1930 .	98.8	19.3	95.6	103.4	93.5
1931 .	89.2	27.4	84.1	106.3	86.5
1932 .	83.5	29.0	79.7	104.8	83.3
1933 .	80.7	25.1	76.4	105.0	88.7

These figures relate to wages over the whole of Australia; in many trades, including of course those subject to Commonwealth award, the real wages of those in employment were substantially less after 1931 than they had been before the economic crisis. That was not true of many other countries, and certainly not of Great Britain.

The Australian plan for meeting the crisis thus included a considerable measure of deflationary practice, combined with a certain 'expansionism'. The latter element was to be found in the financing of budgetary deficits and public works by means of Treasury bills, which in turn allowed the banks to pursue an easier credit policy, and in the maintenance of a depreciated rate of exchange. The premium on English sterling had been pegged at 8½ per cent. from October 1930 to January 1931. At the latter date, on the initiative of the Bank of New South Wales (throughout this period a protagonist of 'reflationary' policy), it was allowed to move up to 30 per cent., at which rate it was held by agreement among the commercial banks. The Premiers' Plan deprecated 'premature efforts to force down' the exchange rate until markets for Australian exports were once more expanding. In the following December, two months after Great Britain suspended the gold standard, the Commonwealth Bank Board resolved to take responsibility for the regulation of sterling exchange, and fixed the rate, in accordance with the open market trend, at £125 for every £100 sterling. At this figure it remained throughout the period under review.

Meanwhile the facts of Australia's external balance of trade, the prime determinant of the rate of exchange, had altered remarkably. In 1928-9<sup>1</sup> her imports and exports (including newly mined gold) almost balanced. In the following year exports had slumped by £40,000,000,<sup>2</sup> and there was a debit of over £30,000,000 on the trade accounts. Moreover, imports of capital had ceased, and interest had to be paid on previous borrowings. Nearly £25,000,000 of gold had to be despatched from the monetary reserves, and even so sterling balances were depleted. Then came the 'Scullin' tariff and surcharges and the fall in the exchange value of the Australian pound, imports in two years were cut by two-thirds, and in 1931-2 there was an export balance of £35,000,000 on commodity trade (including new gold). Imports then began to rise again, thanks partly to a somewhat more liberal tariff policy, partly to increased purchasing power in Australia; but for the time being the strain had been diverted from the balance of payments.

In this external adjustment Australia was assisted by a succession of good years, as far as climatic conditions were concerned, and later by the rise in wool prices in 1933. But generally speaking her recovery—unstable, perhaps, and far from complete, but nevertheless remarkable by comparison with many other countries—was accomplished in spite of continued low prices for her principal products. The restriction of production in order to raise prices was altogether foreign to her economic programme. In this, as in other respects, her measures of recovery contrasted with those of the United States, with whom she was often compared on the strength of certain superficial resemblances. The New Deal was based in large part upon the doctrine of high wages, whereas the Premiers' Plan had as its central feature the reduction of wage rates. The restoration of confidence by fiscal *assainissement* was the first object of the Plan; it would be unwise, however, to emphasize this contrast with the Roosevelt programme, since many leaders of economic and political thought in Australia regarded the borrowing on Treasury bills to meet continued budgetary deficits as a very valuable means of maintaining public purchasing power, and thus were within hailing distance of the 'pump-priming' theory.

### (c) NEW ZEALAND

New Zealand's problem in the depression was in many ways similar to that of Australia. Their principal exports were identical

<sup>1</sup> Years ended 30th June.

<sup>2</sup> Values in sterling.

(except wheat, of which New Zealand had long ceased to be an exporter). Both had borrowed heavily in London, and both were faced with a sudden cessation of international lending. In other respects, however, there were important differences. New Zealand had already a considerable surplus of exports over imports in 1929, and in no subsequent calendar year during the depression did she incur a deficit on her balance of commodity trade. Her protective tariff was much lower than that of Australia, and her economic capacity for factory production much less, chiefly by reason of her much smaller population. Her budgetary problem was much less severe—in 1929–30 she achieved a small surplus—nor was it complicated by a federal system.

The two most vital elements in New Zealand's problem were unemployment and the fall in the incomes of the rural community. Unemployment did not become serious until 1931, but it then rose with startling swiftness and it continued to rise, on the whole, for the next two years. Special taxation was imposed for the relief of unemployment, and an Unemployment Board was set up to administer schemes of relief. These included assistance to gold prospectors; rural camps in which single men were engaged on productive work like drainage and scrub-cutting; the settlement of unemployed workers on rural allotments; subsidies to wages of workers engaged in certain specified building operations; and the provision of partial employment on roads and similar public works ('Scheme 5')—the local authorities furnishing tools, material and supervision, and the Unemployment Fund paying wages. At the end of September 1933 the Board was providing full-time employment for 23,000 men, and part-time employment under Scheme 5 for 52,000, leaving only 4,000 of the registered unemployed unprovided for. We may judge the significance of these figures if we remember that New Zealand's population at this time was less than 1,500,000, of whom only some 70,000 were recorded as engaged in factory industry. On a crude ratio of populations the equivalent figures for Great Britain would have been roughly 670,000 placed in full employment under the relief schemes, 1,500,000 given part-time work, and 120,000 left unprovided for. The last item in the New Zealand figures, however, is not to be taken as measuring the extent of unemployment not covered by the Board's schemes; for the latter did not include either women or juveniles, and since assistance had to be confined to the most urgently necessitous cases many who knew themselves to be unlikely to obtain relief work probably did not trouble to register as unemployed.

Only some 6 per cent. of the registered unemployed were farm hands, but the depression of the farming industry was doubtless the chief originating cause of the unemployment, largely because it put an end to expenditure of borrowed money on public capital works, like railways, roads and bridges, designed in the interests of the rural community. Between 1928-9 and 1930-1, New Zealand's exports of butter rose from 1,567,000 cwt. to 1,808,000 cwt., but fell in value from £12,745,000 to £9,918,000. Her exports of cheese rose from 1,661,000 cwt. to 1,790,000 cwt., but fell in value from £6,890,000 to £5,227,000. Her exports of frozen meat rose from 3,601,000 cwt. to 3,906,000 cwt., but fell in value from £10,274,000 to £9,102,000. These figures, painful though they were, must be considered satisfactory beside those for wool; New Zealand exported slightly less wool (649,000 bales against 688,000) in 1930-1 than in 1928-9, at a total price nearly ten million pounds lower (£6,195,000, against £15,923,000). Her total exports fell in that period from £56,111,000 to £36,944,000, and her total imports from £46,479,000 to £33,260,000. Whereas, however, her exports were stabilized for two years at approximately the same figure, her imports went on falling, and in the year ending the 30th June, 1933, she had recovered an export surplus of over £15,000,000. One result of this adjustment was that a further depreciation of the exchange (it was already at a discount of 9 per cent. on London), which would have effected a certain redistribution of the national income in favour of the exporting industries, was not forced upon her by exchange necessity. As a deliberate item of policy it had considerable disadvantages. It might be unfavourably regarded by opinion in Great Britain as a subterfuge for increasing the height of protection in contravention of the Ottawa Agreement, and it might thus prejudice New Zealand's external trade relations, which would shortly come under review in connexion with Great Britain's agricultural policy. Again, in the existing condition of the balance of trade, the further depreciation of the New Zealand pound was likely to cause an accumulation of sterling balances in excess of requirements for imports and for interest due on the external debt. Hence such a course was strongly opposed by the majority of the New Zealand banks, which were entirely unwilling to tie up their assets in London, where so little could be earned upon them. Thus the controversy raged for some months. In the end the primary producing interests gained the day, and the exchange rate was altered in January 1933 to 25 per cent. premium on sterling, the same rate as was being maintained by Australia. The Government, in taking this decision (which involved the resignation of Mr. Downie Stewart,

the Minister of Finance), were obliged to guarantee that they would take over from the banks their excess sterling balances in exchange for Treasury bills. During the half-year ended the 30th September, 1933, the New Zealand Government acquired £4,845,000 of such surplus sterling assets, and by August 1934, when these reserves were handed over to the new central bank, they totalled £24,500,000 (New Zealand currency).

The exchange controversy, and these results in the field of public finance, undoubtedly hastened the creation of the reserve bank. After several months of controversy, which centred mainly upon the questions of the control and management of the bank in the public interest, and of the price to be paid for the gold reserves taken over from the trading banks, the Reserve Bank Bill became law at the end of November 1933. The gold was to be compulsorily acquired at mint par value in New Zealand currency, and any eventual profit was to accrue to the Government. The Reserve Bank took over the accumulated surplus of sterling as part of its reserves, thus enabling the Government to retire Treasury bills previously issued to the banks; and it assumed the liability to acquire from the banks, in exchange for its own notes, any future excess sterling balances. This seemed to foreshadow a certain measure of inflation, since the continuance of a net credit on the balance of payments would result in a steady accretion of notes to the trading banks' reserves. Unless, indeed, the exchange were to move back, or the trade balance to become much more adverse to New Zealand, some internal inflation seemed necessary in order to right the anomaly of an excessive export surplus being coupled with a stagnant internal economy. Before the Reserve Bank opened for business in August 1934, the Governor announced that 'in order to dispel existing uncertainty' the rates of exchange maintained by the bank would remain as at present, and would be 'unchanged for a long period unless there should be a marked alteration in existing conditions'.

Even more strikingly than the United States, New Zealand thus presented a picture of a country obtaining in its external trade the full advantages that might be expected to accrue from exchange depreciation—indeed on mercantilist principles flourishing exceedingly—yet remaining internally in the dumps through inability to expand purchasing power and employment. Any further increase of the value of New Zealand's exports, unaccompanied by an equivalent increase in imports, would only add to her financial embarrassments. This was an important factor determining her attitude towards proposals from the United Kingdom to raise the price of certain of



her exports (meat and dairy products) by means of restriction of supply. In respect of internal activity and the volume of employment, an expanded production, even at a reduced price, suited New Zealand's book better at this time than greater total receipts for a smaller output. On the other hand, low prices for primary commodities were causing great and growing difficulties in the treatment of agricultural indebtedness, and the major economic measures introduced by the Government in Parliament during the first half of 1935 provided for the establishment of a national mortgage corporation and for a 'final' measure of statutory relief to distressed mortgagors. Doubtless the farmers had themselves to blame for over-borrowing during the years of prosperity, but the fact remained that here as elsewhere debt was the most obdurate element in the economic problem when prices fell to permanently lower levels.

#### (d) CANADA

Two outstanding facts differentiated the economic career of Canada from that of the Pacific Dominions during the depression. The first was her close financial relationship with her neighbour, the United States, and the second was the greater degree of her industrial development. Other characteristics of Canada's economic experience included her peculiar dependence upon wheat exports and the extraordinary importance of her transport system in her whole economy. These points may be illustrated by a few summary figures. In 1930, out of Canada's total exports of \$1,120,000,000, practically \$500,000,000 went to the United States; and out of total imports of \$1,248,000,000, some \$868,000,000 came from the United States. Even in that year, wheat accounted for nearly 20 per cent. of all Canada's exports, and in 1929 the proportion had been no less than 31½ per cent. In 1929 the net value of Canadian manufacturing production approached \$2,000,000,000, and its gross value was more than double that figure. The total value of all field crops was less than \$1,000,000,000. Moreover, whereas two years later the value of the field crops had fallen by nearly 55 per cent., the net value of manufacturing production had fallen by only 26 per cent. The importance of the railways may be judged from the fact that in 1929 the gross earnings of steam railways alone were well over one-quarter of the value of the net product of the whole of Canada's manufacturing industry.

The American boom of 1927-9 greatly inflated costs, prices and indebtedness in Canada, and when it collapsed the recession was

correspondingly severe. Perhaps the most desperately situated section were the wheat farmers, especially in the southern parts of the prairie provinces; for the low price of wheat was accompanied by a succession of drougthy years which to many brought complete destitution. One result was a drift of population to the towns, which gravely intensified the problem of unemployment. Another was the development of mixed farming, and a corresponding trend of population to the areas suitable for such cultivation. A more general feature of the early depression years in the farming districts was a very great reduction in working costs, so that whereas before 1929 a dollar a bushel for wheat was regarded as little better than a pittance, a couple of years later 'dollar wheat' had become almost a millennial ideal.

The money income of the Canadian farming community<sup>1</sup> continued to fall until the end of 1931, when it had shrunk to only 48 per cent. of the 1926 base figure. For a year it remained more or less stabilized at this level, then it fell sharply again, and there was no substantial recovery until the United States dollar depreciated against gold in 1933. By the third quarter of 1934 the money income of Canadian farmers was once more approaching 48 per cent. of the 1926 base, and owing to the fall in prices its purchasing power was 67½ per cent. of what it had been in 1926.

Whatever may have been the secondary effects of the depreciation of the United States dollar, its primary effects on the Canadian economy were unmistakably favourable. When Great Britain went off the gold standard in 1931, the Canadian dollar was already off gold, in the sense that gold could be exported only with Government consent, and that the Canadian dollar was at a substantial discount on New York. After September 1931 it remained poised between the two currencies. The weightiest objection to allowing it to fall to parity with sterling was the enormous indebtedness of Canadian firms, local bodies and Governments to United States investors; for the service of these loans had to be paid in United States currency, and would therefore rise in cost proportionately with any fall in the Canadian dollar. At the 31st March, 1931, the funded debt of the Dominion Government payable in New York was \$265,000,000, exceeding by \$12,000,000 the funded debt payable in London. Total investments in Canada held by United States citizens and corporations were reckoned at \$4,107,000,000 at the 1st January, 1931, but a large proportion of this was either payable in Canadian currency or took the form of share investment. In respect of this external debt

<sup>1</sup> According to estimates of the Canadian Bank of Commerce.

the depreciation of the United States dollar was a boon to Canada. Her currency appreciated against that of her neighbour, while falling against the pound and still more against gold bloc currencies. At the end of 1934 the Canadian dollar was at a small premium on New York and at a small discount on its pre-1931 parity with sterling. The rise of Canada's imports between 1933 and 1934 from \$401,000,000 to \$513,000,000, and of her exports from \$532,000,000 to \$653,000,000, was due in large part to the depreciation of the exchange, but another important cause was the improvement of trade conditions in the United States.

Political as well as economic developments across the border had their effect on Canada's affairs. It was not to be expected that the example of N.R.A. and of the Agricultural Adjustment Administration would count for nothing in Canadian politics. Early in 1934 Mr. Stevens, the Minister of Trade and Commerce, alleged in a public speech that the big buyers and distributors of foodstuffs and manufactures were using their bargaining strength unfairly to force down the prices paid to producers. The latter were therefore compelled to pay less than living wages to their employees. Mr. Stevens was shortly afterwards made chairman of a select committee of the Dominion House of Commons to investigate 'price spreads' and business practices. Some of the evidence brought before it seemed to confirm the charges of sweating and unfair competition, with the result that strong agitation arose for the regulation of Canadian trade and industry on the N.R.A. model. As the committee had not completed its task when Parliament rose, it was continued in being as a Royal Commission. On the 30th October, 1934, the Commission resumed its labours, but Mr. Stevens, though still a member, was no longer either chairman of the Commission or a Minister. His resignation had followed upon the publication of a private speech in which he had attacked Canadian investment banking and other interests which were part of the subject of the inquiry.

The Stevens Committee had been empowered to consider the marketing of live stock and other primary products, but in March 1934 their possible recommendations on this section of their agenda were partially forestalled by the introduction of the Natural Products Marketing Bill, providing for the establishment of federal, provincial and local marketing boards to control the trade in primary products of all kinds except minerals. The initiation of such a scheme of marketing control would lie with the industry concerned, but once the Government were satisfied that the petitioners were sufficiently representative they could enforce a compulsory scheme. The central

marketing board could fix standards and grades, control the export and inter-provincial sale of the product concerned, and regulate the importation of any competitive product. It would have powers, *inter alia*, to subject producers to a licensing scheme, and to demand full information regarding the production or marketing of the product from all persons engaged therein. After investigation by a special committee it could fix fair price spreads to cover the gap between the return to the producer and the cost to the consumer. This measure, though ostensibly founded upon the British Agricultural Marketing Act, went far beyond it in the rigour and scope of its provisions.

In January 1935 the Canadian Prime Minister, Mr. R. B. Bennett, startled his fellow-citizens by a series of broadcast talks in which he advocated a thorough-going reform of the economic system. How far his 'New Deal' programme was inspired by political artifice—by the desire to steal the thunder from the Left a few months before an inevitable general election—no one but himself could say; but the example of President Roosevelt is plainly to be traced. The reform required, said Mr. Bennett bluntly, 'means Government control and regulation. It means the end of *laissez-faire*.' After referring to the steps already taken by the Government in this direction—mortgage relief, the provision of credit for farmers, the Natural Products Marketing Act, the creation of the new central bank—Mr. Bennett promised to establish unemployment insurance, a new old-age pension system, sickness and accident insurance, minimum wages and maximum working hours for the whole Dominion, a Ministry of Communications and a National Economic Council. He also promised that his Government would implement the report of the Royal Commission on price spreads and business practices.

The Commission's report was published on the 9th April, 1935. It was a remarkable document, not merely by reason of its practical recommendations, but also by reason of the theoretical economic analysis on which the majority of the Commission based their conclusions. The growing concentration of economic power in a few hands was the phenomenon that met with their fundamental disapproval. 'Concentration in production and distribution, resulting from the development of the corporation and the large-scale business unit,' had 'made the actual competitive scene progressively less like the simple competition of the *laissez-faire* economists.' The typical condition to-day was that known to economists as 'imperfect competition', which existed when 'the output of any one producer or purchaser' was 'a significant proportion of the total supply marketed—that is, when one producer' might 'affect the price by

withholding his supply'. In these circumstances, price no longer adjusted itself to supply and demand, but the dominant producers fixed their price and adjusted their production to it. The price might be set anywhere within a 'zone of indeterminateness', according to relative bargaining strengths, while unfair trade practices, especially price discrimination, became rife. Moreover, the bargaining advantage of strong organized groups might lead to the exploitation of the weak and unorganized. Finally, 'all these circumstances unbalance modern economic society in the sense that not all of its parts adjust themselves at the same speed or in the same degree to any influence that makes itself felt at any one point'. Here the commissioners inserted a diagram showing that while between 1929 and 1933 the prices of agricultural products in Canada had fallen by 49·4 per cent., agricultural output had actually increased by 4·0 per cent.; whereas the production of agricultural implements had been cut by no less than 86·4 per cent., against a fall of only 6·4 per cent. in the prices received by the industry.

The majority report then proceeded to a detailed study of conditions affecting manufacturing industry, labour and wages, primary production, distribution and consumption, especially in the following important Canadian industries: agricultural implements, baking, canning, can manufacturing, clothing and needle trades, fertilizer manufacturing, fishing, flour-milling, furniture manufacturing, live stock and meat packing, rubber goods, textiles and tobacco. Its general recommendations were contained in a chapter headed 'The Problem of State Control'.

We are convinced [wrote the commissioners] that certain forms of intervention are likely to be less expensive than the waste of goods and of life that the collapse of the economic system, even if it retains its recuperative power, periodically occasions. We believe, however, that the loss of political freedom and individual liberty would be too high a price to pay for the automatically planned economy of state capitalism, fascism, or communism (even if they should achieve their avowed economic goals), and we are confident that it is still within the capacity of the Anglo-Saxon nations to work out a system of social control in which freedom can be preserved without economic paralysis, and in which, without dictatorship, production can be made less unstable and the distribution of wealth and income less unequal and less inequitable.

Their main recommendation was the creation of a Federal Trade and Industry Commission, consisting of five members appointed by the Governor-General in Council, to act as a semi-autonomous board under the Prime Minister. Its duty would be to protect the interests of every economic class or group, and in particular to administer

rigorously the Combines Act, to regulate monopoly where it was agreed by the Government that competition could not or should not be restored, and to sanction and supervise agreements within a trade or industry where it was agreed by the Government that competition had become wasteful or demoralizing. The scope of the Combines Act should be extended so as to cover all monopolistic or semi-monopolistic practice. The Commission should have power to ban 'unfair trade practices', including discriminatory discounts, rebates and allowances, territorial price discrimination, and predatory price-cutting. Further proposed functions for the Commission, apart from the general duty of advising the Government and Industry on any matters within its field, were to conduct the regulation of new security issues for the protection of the investor, and to co-operate with Chambers of Commerce and Boards of Trade in the development of commercial arbitration or the refereeing of business disputes. The majority of the Commission made a number of proposals for the tightening up of the Dominion Companies Act, with the aim of preventing the release of capital assets (such as subscriptions to shares of no par value) as current dividends, securing fuller publicity, preventing stock-watering (especially upon the occasion of reorganizations or amalgamations), and in general 'putting the managers and directors in a trustee capacity with respect to all security holders'.

A further important series of recommendations was put forward in the field of labour conditions and wages. Dominion and Provincial labour legislation should be more rigorously administered, notably by the appointment of a much greater number of inspectors. The provinces, within whose legislative field the most important parts of this subject-matter lay, were advised to consider the establishment of maximum hours of labour for men as well as women, and in the Commission's view the standard hours should be greatly shortened and should not exceed forty-four per week. There was a pressing need for national uniformity in labour legislation. If it were found that the Federal Parliament was not constitutionally competent to pass uniform Dominion legislation in this field, then the British North America Act should be amended so as to enable this to be done. Pending the settlement of the constitutional question, an annual Dominion-Provincial Labour Conference should be called to consider means of bringing the different provincial laws into line, and also to procure the implementing of draft conventions passed by International Labour Conferences.

The majority report was signed by all the six Conservative members of the Commission and by the single representative of the

Co-operative Commonwealth Federation (the Socialist third party in Canada). Three Liberal members also signed the report, but attached a memorandum of reservations on a number of points of detail, expressing their fears as to the spread of Government-sanctioned monopoly under the aegis of the proposed Federal Trade Commission. One member only, a Liberal, signed a dissenting report. In his view the proposed Commission would be 'meddlesome and mischievous. Its tendency would be more and more to regulate and restrict business, to discourage enterprise and initiative and to sacrifice the consumer's interests to the interests of the particular classes with which it would be in constant touch. . . . The only legislation that is not class legislation is legislation in the interests of the consumer.'

It was clear that just as developments across the border had helped to mould the attitude of the Commissioners, and of Canadians generally, towards social and economic reform, so, too, many of the difficulties that were presented to Mr. Roosevelt by the Federal Constitution of the United States would have to be faced by Canada also. Not the least interesting of the Commission's recommendations was that of a Dominion-Provincial Conference to secure the implementing of International Labour Conventions. After the publication of their report, Mr. Bennett sought to use these draft conventions as a device for circumventing the constitutional limitations on Federal authority in the field of labour conditions, claiming that the treaty-making power exclusively vested in the Dominion Government extended to passing and administering such laws as were required to carry out any international engagements to which Canada had become a party. Meanwhile, an attempt was begun to secure the revision of the British North America Act, as the Price Spreads Commission had recommended.

One important initial hindrance that the New Deal had to meet in the United States was not shared by the Dominion. Her banking system was sound, and the principal reform required—the establishment of a central bank—was accomplished without serious political or financial trouble. The Bill to incorporate the Bank of Canada was introduced on the 22nd February, 1934, following the recommendation of a Royal Commission under the chairmanship of Lord Macmillan. It was on orthodox lines—the acquisition of gold from the banks at mint prices in depreciated currency being regarded as orthodox policy.

Thus for Canada 1934 was a year of economic reconstruction and experiment, which were given a favourable chance of success by improving general conditions. To that economic improvement several

causes contributed—the return of business confidence, which had not suffered such shocks as were caused across the border by the more inflationary aspects of the New Deal; the adjustment of costs and incomes in the farming communities, a process that was aided by a rise in wheat prices following upon the drought in the United States; the rising prosperity of the metal-mining industry, assisted by such adventitious aids as the tin restriction scheme and the Roosevelt silver programme; the high price of gold, which raised the value of Canadian gold production from \$84,000,000 in 1933 to \$102,000,000 in 1934; and other direct and indirect consequences of the depreciation of the dollar against gold. Nevertheless, at the end of 1934 Canada still had grave economic problems to face. One of the most important was that of public indebtedness. In boom times the provinces and municipalities had over-borrowed, and when the slump came they were forced to continue borrowing to meet their current deficits, which were inflated by heavy charges for unemployment. At the beginning of 1935, some 10 per cent. of Canadian municipal securities were stated to be in default. The quotation of bonds of the city of Vancouver was suspended on the London Stock Exchange at the end of January, following upon a proposal by the Mayor and Council to reduce the interest temporarily by 50 per cent. Unemployment relief, tariff policy, the railways, and above all the question of federalism in a period of widespread governmental interference in economic affairs, also promised to the Canadian people very hard problems in the future.

#### (e) THE UNION OF SOUTH AFRICA

The story of South Africa in the depression is peculiar in that so much depended on the fortunes of the gold-mining industry. Her economy was more self-contained than that of Australia or New Zealand, her agriculture more diversified and self-supporting than that of Canada. Apart from gold and diamonds, her total exports in 1929 totalled only £39,400,000, of which over £14,500,000 was accounted for by wool. Other important items were maize, hides, fruit, sugar and coal. By contrast, the diamonds exported were valued at over £12,000,000, and the gold at over £45,300,000. The diamond industry suffered perhaps more than any other in the world from the slump in values and the reduction of purchasing power. Mining virtually ceased in South Africa, and the international diamond syndicate occupied itself with selling small quantities from existing stocks. The export of diamonds from the Union fell to less than £2,000,000 in 1932. Meanwhile, other exports (excluding gold) had fallen in



value by just over one-half, chiefly by reason of the fall in primary prices, but partly by reason of a reduced surplus of grain for export. Imports had been cut from £83,400,000 to £22,800,000—a remarkable feat of abstention. The farmers, in whose hands lay the balance of political strength, clamoured for aid, and subsidies to exports were given in various forms.

While other industries were suffering these wide fluctuations of prices and prosperity, the gold-mining industry of the Rand became rather more prosperous, on account of the steady price for its product and the reduction of its costs as other prices fell and technical progress advanced. Exports of gold from the Union of South Africa increased by nearly £2,000,000 between 1929 and 1932. It was largely because of the stability of the gold-mining industry that South Africa did not suffer any such severe fall of internal prices or increase of unemployment as might have been expected by comparison with other overseas Dominions, having regard to the fact that her currency was appreciated against sterling while theirs were depreciated (except Canada's). The index of employment for Whites in the population of the Union fell by 12 per cent. between 1929 and 1932, while wholesale prices fell by 21 per cent.

All this time South Africa remained on the gold standard, and was unable to hoist up her own price level by hauling against the world price level expressed in gold. In the last days of 1932, however, a political crisis was followed by the suspension of the gold standard, the formation of a Coalition Government under the leadership of General Hertzog and General Smuts, and the lowering of the South African Reserve Bank's discount rate from 5 to  $3\frac{1}{2}$  per cent. By the end of 1934 the political coalition was well on the way towards consolidation in a new 'Fusion' party. The South African pound, in terms of which sterling had averaged about  $26\frac{1}{2}$  per cent. discount in 1932, very quickly returned to its former parity with London, and there it remained throughout the period now under review. Exports of gold rose to over £68,000,000 in 1933, and other exports were swollen in value by the rise of prices expressed in South African currency. The Union also benefited considerably by the swift rise in the world price of wool that took place in that year. Imports rose rapidly, from £33,000,000 in 1932 to £66,000,000 in 1934, a movement by which United Kingdom export industries profited considerably. The great prosperity of the Rand expressed itself in all the main economic indices in the Union. By the middle of 1934 the volume of employment (white people only) exceeded its average level in the boom year 1929. The note issue of the Reserve Bank rose from £8,430,000

at the end of 1932 to £13,460,000 at the end of 1934. Even diamond exports, in response to a slight revival in world demand, improved appreciably in 1934, and early in the following year several diamond mining concerns reopened their workings. One of the most striking indices was the total of building plans passed, which rose from £4,000,000 in 1932 to £13,000,000 two years later. This was higher than the annual total even in 1929; and, if experience and theory were together any guide, such a stimulation of capital investment was likely, not only to provide a great deal of direct employment, but also to expand purchasing power and prices at second remove. South Africa certainly seemed at the beginning of 1935 to be well on the road to an economic boom.

But in common with other countries which, like herself, could then show a measure of recovery, she had important economic problems to solve before she could consider herself out of the wood. Perhaps the most difficult was that of the relations between industry (especially mining) and agriculture in the economic and political structure of the Union. Since the great majority of the farming community were Afrikaners this problem was linked with the old conflict between the two European races, although much of the industrial and urban population was also of Afrikaner stock. On the one hand, while the towns were flourishing, largely under the stimulus of gold-mining profits, the farmers were still afflicted by low prices and expanded output. On the other hand, while the farming industry was fiscally favoured by subsidies and other means, there were many to complain of the high taxation imposed on the mines. The large and 'unearned' profits accruing to the Rand mining companies as a result of the depreciation of the South African pound naturally excited the envy of other sections of the community, and were regarded by the Minister of Finance as a proper object of special taxation. In the year 1934 the South African Government drew from the gold-mining companies of the Transvaal no less than £13,200,000 in total revenue, including £5,000,000 from leases, £4,500,000 from income tax, and £3,700,000 from excess profits duty. The working profits from which these sums were furnished totalled £32,400,000, out of which dividends of £15,900,000 were also paid. The incidence of the excess profits duty varied considerably, one concern paying 40 per cent. of its working profits in this way and others none at all. Although taxation received from the gold mines in 1934-5 was actually about £1,000,000 below Mr. Havenga's estimate, the budget closed with a surplus of nearly £3,000,000. For 1935-6 the available surplus on the basis of existing rates of expenditure and revenue

(including one-half of gold-mining profits) was estimated at £2,500,000, of which £800,000 was allocated to the relief of taxation. Prosperity was already in full swing, at least in the urban areas of South Africa. But it is important to note that so rapidly did the Union's imports increase with expanding internal purchasing power that her export surplus fell from £45,000,000 in 1933 to £15,000,000 in 1934.

#### (f) THE OTTAWA AGREEMENTS

It would be a polemical exercise unfitted for these pages to attempt a judgment upon the first two years' working of the Ottawa Economic Agreements between the countries of the British Empire. The evidence of statistical facts, though unquestionable in itself, cannot be final proof in so complicated a matter; for many powerful forces, of which the Ottawa Agreements may or may not have been among the most important, were playing upon the trade of the British Empire and making the evidence hard to interpret. Those forces included the further fall of sterling against gold, the abandonment of the gold standard by South Africa, and the additional depreciation of the New Zealand pound. Such influences as Great Britain's internal revival or the rise in the prices of certain primary products may themselves have been affected, in their turn, by the existence of the Ottawa Agreements, but they certainly obscured the proofs of how those agreements were working. Let us therefore simply record, without attempting to draw too exact conclusions from it, the course of Great Britain's trade with the Dominions and colonies and with foreign countries from 1932 onwards (adding a pre-depression year for purposes of comparison).

#### TRADE OF THE UNITED KINGDOM

##### 1. Imports (as percentages)

<i>From:</i>	1929.	1932.	1933.	1934.
Irish Free State . . . .	3.69	3.77	2.64	2.35
Canada . . . . .	3.80	6.14	6.85	6.88
Australia . . . . .	4.56	6.57	7.19	6.84
New Zealand . . . . .	3.90	5.33	5.51	5.52
Union of South Africa . .	2.07	2.21	2.13	1.62
Total, Dominions . . . .	18.02	24.02	24.32	23.21
India . . . . .	5.15	4.60	5.53	5.75
Colonies* . . . . .	5.64	6.80	7.06	8.11
Total, British Empire . .	28.81	35.42	36.91	37.07
Foreign Countries . . . .	71.19	64.58	63.09	62.93
	100.00	100.00	100.00	100.00

\* Together with Newfoundland.

## 2. Exports (as percentages)

To:	1929.	1932.	1933.	1934.
Irish Free State . . . .	4.95	7.06	5.17	4.93
Canada . . . . .	4.80	4.49	4.74	4.98
Australia . . . . .	7.43	5.48	5.80	6.63
New Zealand . . . . .	2.94	2.84	2.60	2.88
Union of South Africa . .	4.46	4.96	6.35	7.64
Total, Dominions . . . .	24.58	24.83	24.66	27.06
India . . . . .	10.72	9.34	9.08	9.26
Colonies* . . . . .	8.62	11.16	10.71	10.54
Total, British Empire . .	43.92	45.33	44.45	46.86
Foreign Countries . . . .	56.08	54.67	55.55	53.14
	100.00	100.00	100.00	100.00

\* Together with Newfoundland.

## 3. Re-Exports (as percentages)

To:	1929.	1932.	1933.	1934.
Irish Free State . . . .	9.31	11.91	9.44	10.31
Rest of British Empire . .	4.10	4.75	11.84	11.31
Total, British Empire . .	13.41	16.66	21.28	21.62
Foreign Countries . . . .	86.59	83.34	78.72	78.38
	100.00	100.00	100.00	100.00

## 4. Values (in millions of £'s)

	1929.	1932.	1933.	1934.
<i>Imports:</i>				
British Empire . . . .	359	248	249	272
Foreign Countries . . . .	862	451	426	460
Total . . . . .	1,221	699	675	732
<i>Exports:</i>				
British Empire . . . .	324	166	163	186
Foreign Countries . . . .	405	199	204	210
Total . . . . .	729	365	367	396
<i>Re-exports:</i>				
British Empire . . . .	15	9	10	11
Foreign Countries . . . .	110	42	39	40
Total . . . . .	125	51	49	51

The Import Duties Act went into operation in March 1932, and the Ottawa preferences in November of the same year. Hence, quite apart from any other influences at work, it is impossible to tell from such general statistics to what extent any increase in the proportion

of trade done by the United Kingdom with the overseas Empire was due to the enlargement of imperial preferences and to what extent to the curtailment of manufactured imports, most of which came from foreign countries. The Irish Free State must be grouped with the Dominions, but she signed no trade agreement with the United Kingdom at Ottawa, and the trade between the two countries from 1932 onwards was governed by the so-called tariff war arising out of the dispute over the land annuities. If the Free State is omitted the proportions of British trade with the rest of the Empire were as follows: imports, (1929) 25·71 per cent., (1932) 31·72 per cent., (1933) 34·27 per cent., (1934) 34·72 per cent.; exports, (1929) 39·54 per cent., (1932) 38·28 per cent., (1933) 39·28 per cent., (1934) 41·93 per cent. The importance of South Africa in the rise in the export percentage is obvious from the table.

As far as this evidence goes, the Ottawa Agreements apparently secured a certain diversion of British trade from foreign countries to the rest of the Empire, both on the import and on the export side. But how far this diversion was due simply to higher tariffs against foreign goods, both in the United Kingdom and in the Dominions, and how far to a 'clearing out of the channels of trade between ourselves' (in Mr. Baldwin's words at the opening of the Ottawa Conference), is far more difficult to determine. The Ottawa Agreements could not, in the nature of things, cause any material freeing of the United Kingdom's import trade; for the principal products of the Dominions had not been subject to duty before the Conference. There was undoubtedly a perceptible reduction in Dominion tariffs on United Kingdom goods in the two and a half years after November 1932; but other influences reinforced the Ottawa undertakings in bringing it about—shifts in political power, for instance, or the release of the economies of the Dominions from the worst stringencies of the crisis.

It was remarked in the *Survey for 1932*<sup>1</sup> that many people regarded the general clauses of the Ottawa Agreements between the United Kingdom and Australia, Canada and New Zealand as the most important feature of the agreements and as the one most likely to secure a liberation of trade by reducing Dominion tariffs. In these general clauses each of the three Dominions promised to give tariff protection only to those industries which were reasonably assured of sound opportunities of success, and not to raise tariff duties above a level which would give United Kingdom producers full opportunity of reasonable competition on the basis of the relative costs of economi-

<sup>1</sup> See the *Survey for 1932*, p. 30.

cal and efficient production (provided that special consideration might be given to industries not yet fully established). It is important, therefore, to record how these clauses were interpreted in practice, during the first two years of their currency, in the different Dominions to which they applied.

The Australian Tariff Board, in its report for 1932-3, remarked that the interpretation placed upon the clauses by affected parties had been as divergent as their interests. The Board themselves held, in general, that the Ottawa clauses merely gave statutory authority to their own established policy. They described the undertaking not to provide tariff protection to industries which were not reasonably assured of sound opportunities of success as 'a very sound and important qualification to apply before the imposition of any duty'.

It is important to remember, however [ran the Report], that the Board's recommendations are to a certain extent circumscribed by the actions of the past. It is one matter to decide the limit of protection which should be granted to an industry not yet established, but quite another to decide what to recommend in respect of an industry which has commenced operations under cover of a very high protection and has become involved in heavy capital expenditure. . . . To interpret Article IX as demanding the abolition of duties in all such cases would inevitably result in hardship and unemployment.

The Board in such cases had made a practice of recommending a rate of duty which, while limiting the excess cost of local production, would enable the industry to retain a proportion of the market and to have an opportunity of qualifying for greater output.

With regard to the second general clause of the Ottawa Agreement the Board took a similar broad and compromising view. Some people had assumed, they declared, that the giving of 'full opportunities of reasonable competition' entailed finely adjusting duties so as to place efficient manufacturers of the United Kingdom and of Australia on exactly the same price level in the Australian market. Such a practice would seriously dislocate industries which had been established in Australia for years, and would lead to an increase of unemployment and to much capital wastage. The subversive consequences of such a policy, they remarked, could not fail to engender opposition to the Ottawa Agreement.

The Board, therefore, while heartily supporting the competitive principle in tariff-making, rejects the idea that the duties should be merely equalizing. There is no hard and fast formula which can be used, with any degree of satisfaction, and the problem of reasonably interpreting the agreement involves much more than an arithmetical calculation of the difference between the costs in the United Kingdom and

in Australia. Each case must be considered on its merits and judgment given after a close examination of all available relevant facts.

In its Report for 1933-4 the Board made known further details concerning its method of examining and judging upon the 'available relevant facts'. Its practice was to try to ascertain a reasonable selling price for locally manufactured goods, paying attention to the level of profits and to the industrial efficiency of the industry, including distributive costs. Sometimes, when costs of production could not be exactly ascertained, the test was used that 'prices in Australia should not exceed a certain proportion in excess of known reasonable prices in the United Kingdom'. This proportion would vary from industry to industry. Investigations under the Ottawa Agreement had shown that in a number of industries labour costs in Australia, expressed in Australian currency, were approximately half as much again as those in the United Kingdom, expressed in sterling. In some industries the ratio was higher and in some lower.

The reduction of Australian import duties in favour of United Kingdom producers was furthered by the attitude of the Tariff Board towards the question of exchange on London. It will be recalled that the Australian pound was depreciated by 20 per cent. against sterling at the time of the Ottawa Agreement, and it remained at that level up to the time at which these lines were being written. The Board's view was summed up in the following paragraph.<sup>1</sup>

The added cost of landing imported goods has been materially increased by reason of the exchange, while over the same period Australian costs have fallen substantially. The exchange, therefore, has increased the protection afforded local industry well above the rates which must have been considered reasonable when adopted by Parliament.

In their Report for 1932-3 the Board had noted that the problem of excess protection under the depreciated exchange was important not only because of its effect on the economics of the Commonwealth but also because 'the continuance of the practice must leave room to question the proper implementing of the Ottawa Agreement'. In their 1933-4 Report they announced that they would present their findings under three headings: first, the rates which would prove reasonable under existing exchange conditions; second, an estimate of the rates which would be reasonable if the exchange suddenly reverted to par; and third, the scale of adjustment necessary to meet conditions of exchange between parity and the existing exchange rate.

<sup>1</sup> From the Board's report on *The Adjustment of Protective Duties to Compensate for the Effects of Exchange and Primage* (1933).

It is remarkable that a precisely opposite view on this question was adopted by the New Zealand Customs Tariff Commission, which had been appointed to advise on the carrying out of the Ottawa Agreement.

If [they declared] the currency is stable within close limits over a considerable period, economic values will adjust themselves to it; but if the currency is constantly fluctuating in value, an attempt to compensate this by tariff adjustments would be likely to make the position worse.

We are opposed to making variations in tariff rates for the purpose of off-setting the protective effect of a depreciating or depreciated currency. . . . It seems to us unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. . . .

The major effects of depreciation, we think, are soon worked out.

Perhaps the only comment that is in place here on this difference of opinion between two well-advised and competent bodies, set up in economically similar countries to consider the same problem, is that they could not both be correct in their final judgment (though the arguments to which each had paid special attention might themselves be sound). The incident proved, if proof were necessary, the outstanding need at this time for a body of accepted economic theory on international trade, prices and currency ratios, appropriate to a period of exchange instability.

On the question of interpreting the Ottawa Agreement, however, the general views of the New Zealand Commission were not altogether unlike those of the Australian Tariff Board. The article of the Agreement denying protection to industries not assured of sound opportunities of success 'crystalized and embodied', they said, the policy already pursued in New Zealand. The other general undertaking was intended, in their view, to give the United Kingdom manufacturer a 'fair deal' in the New Zealand market, 'in the sense in which that popular though vague expression would be understood by a reasonable and fairminded man'.

The suggestion that the equalization of costs principle carried to its ultimate extreme would be destructive of practically all foreign trade begs the question, because we think there is no intention of carrying the principle beyond what appears to be warranted in the national interest. . . . The application depends on applying common sense to the data available.

A high degree of mathematical accuracy, they went on to say, could not be expected or attained in the actual calculations of tariff rates based on comparisons of relative costs of economical and efficient production.



The tribunals entrusted in Australia and New Zealand with advising their Governments on the carrying out of the general Ottawa undertakings may be described as technical authorities. The Australian Tariff Board was a permanent body already experienced in the adjustment of tariffs, while the New Zealand Tariff Commission, though formed *ad hoc*, was under the chairmanship of the permanent head of the Customs Department. In Canada, on the other hand, the like task was entrusted to a semi-judicial body, presided over by a High Court Judge and inexperienced in matters of customs administration. This difference in the character of the tribunals was expressed both in procedure and in results. In Australia and New Zealand a wide series of duties (in the latter Dominion the whole protective tariff) was reviewed in one survey, and a number of important adjustments made on the strength of the available evidence on costs and prices. In Canada the Tariff Board examined individually, in the manner in which a complicated commercial case might be tried in the High Court, a series of separate appeals for revision of individual duties. Among these appeals the most important, in the first two years after the Ottawa Conference, was that of the British manufacturers of woollen textiles for a reduction of duties on their products, on the ground that they were not being afforded opportunities of reasonable competition on the basis of the relative costs of economical and efficient production. Preliminary inquiry into the woollen textile case was begun by the Tariff Board in June 1933, but it was not until the end of May 1934, almost a year later, that the Board's interim report was tabled in the Canadian House of Commons. The greater part of the report was given over to reviewing the nature and reliability of the evidence that had been submitted. The Board, having remarked upon the lack of conclusive evidence about British and Canadian costing methods, declared that a complete check of costs would require a thorough study of the records and costing methods of each firm that had been represented in the inquiry. Their general conclusion was that, in the absence of greater certainty about the various factors, they did not feel justified in making any definite findings about the scale of duties at that time, but would continue their investigations. Since the woollen textile inquiry had been widely regarded as a test case in the application of the Ottawa clauses, the Board's conclusions were naturally very disappointing to British exporting interests.

While the woollen textile inquiry was proceeding, an important issue concerning the rights and powers of the Tariff Board was fought out. In October 1933, and on several subsequent occasions, importers

of British goods into Canada appealed to the Board against the arbitrary valuation of such goods for duty purposes. These arbitrary valuations, formerly authorized by Order-in-Council, had been used in effect to raise the amount of duty payable; when the Customs Act was revised in accordance with the Ottawa Agreement, British goods, it was understood, had been exempt from arbitrary valuation. The Tariff Board, in the cases brought before it, ruled to this effect, and directed that excess duty paid according to arbitrary valuations should be refunded. In the course of one of these cases the Chairman of the Board had occasion to tell the appraiser of the Department of National Revenue, who had said that he had to protect Canadian manufacturers from dumping, that his business was not to protect manufacturers but to see that the proper revenue was collected. On the 26th March, 1934, however, an Order-in-Council was promulgated referring three questions concerning the jurisdiction of the Tariff Board to the Supreme Court. The latter, in a judgment delivered on the 15th June, declared that the Tariff Board had no authority to determine questions of law as distinct from questions of fact, or to annul valuations for duty purposes made by the Minister of National Revenue before the Customs Act was amended in November 1932, and that decisions of the Board about valuations for duty purposes were subject to the approval of the Minister of National Revenue. This decision was regarded as another serious impairment of the efficiency of the Canadian procedure in carrying out the Ottawa Agreement in the direction of reducing duties on United Kingdom goods.

The attitude of the Dominions towards the lowering of their preferential tariffs in favour of United Kingdom goods was being seriously affected, during the period now under review, by the development of the British Government's agricultural policy. In this connexion the New Zealand Commission on the Tariff had prefaced their report with an important warning. The Dominion's past tariff policy towards the United Kingdom, they said, appeared to have been based on the tacit assumption that the British market for her exports was indefinitely open at satisfactory prices.

If this should cease permanently to be the case as a result of the application of a quota system or other restrictive device to our staple exports, doubtless attention would be directed to some modification of our policy, such as a search for alternative export markets, or the expansion of our home market and a consequent redistribution of the balance of our productive resources.

The Ottawa Agreements were the first occasion upon which the

United Kingdom Government put into practice their view that the salvation of agriculture lay in the raising of prices from artificially low levels by means of the regulation of production, and that an important step towards such regulation was the quantitative control of imports into the United Kingdom. The agreements laid down that imports of foreign frozen beef and frozen mutton and lamb should be progressively cut to 65 per cent. of their 1931-2 amounts. The Australian Government undertook to limit the export of frozen mutton and lamb to the United Kingdom in 1933 to the level of the 1931-2 shipments, and to use its best endeavours to ensure that exports of frozen beef in 1933 should not exceed 110 per cent. of exports in the base year. New Zealand undertook merely to give reliable estimates of shipments of mutton and lamb as early as possible in each export season. The United Kingdom Government, in return, undertook that no restriction would be applied to imports of meat from New Zealand and Australia up to the 30th June, 1934. As for chilled beef, which had not hitherto been exported in appreciable quantities by the Dominions owing to their greater distance from the market, foreign supplies were to be kept down to the 1931-2 amounts. The Ottawa Agreement on meat was reinforced by a plan of voluntary regulation of supplies, which was agreed upon between the United Kingdom and Argentina, as well as the Dominions concerned, in November 1932. Argentine beef exports to this country were to be cut down by 10 per cent., and mutton and lamb by 20 per cent. The Dominions would cut down their mutton and lamb exports by 10 per cent. Part of the bargain with Argentina was that no import duties should be levied on meat before November 1936. The United Kingdom Government had undertaken at Ottawa not to impose duties on Dominion meat during the currency of the agreements, that is to say until November 1937.

The obligation not to impose quantitative restrictions on meat from Australia and New Zealand expired at the end of June 1934, but in view of their strongly expressed objections to the restriction of output only temporary arrangements were made after that date, up to the time of the Dominion Prime Ministers' visit to London in the following year upon the occasion of the King's Silver Jubilee. The United Kingdom Government had meanwhile given temporary assistance to the home cattle industry in the form of subsidies on cattle sold for slaughter. They proposed to the Governments of Australia and New Zealand and of Argentina that in lieu of quantitative restrictions a levy should be charged on imports of meat, with a preference in favour of the Dominions, from the proceeds of which

would be paid the subsidy to home farmers. The Governments of both the Dominions concerned, and of Argentina, objected to this proposal, which would, of course, have run counter to the British undertakings not to impose import duties on their meat before November 1937 and November 1936 respectively.

The low prices ruling for dairy products precipitated a similar problem in this industry also. Not long after the Ottawa Conference the New Zealand Government asked the Westminster Government whether it would not be possible to restrict imports of foreign dairy products into the United Kingdom, with a view to raising the price obtained by Dominion producers. The Westminster Government replied that they could not sufficiently cut foreign imports without applying some restriction to Dominion butter and cheese also; they therefore suggested that the Dominions should agree to curtail their exports by 10 per cent., foreign imports to be thereupon cut by 20 per cent. Neither New Zealand nor Australia was able to assent to this proposal, which was denounced in some quarters in those Dominions as a breach of the spirit of Ottawa. Since the Ottawa Agreements precluded the British Government from restricting the import of Dominion butter and cheese until November 1935, they found themselves obliged, as in the meat industry, to provide a money subsidy for home producers, in the form of minimum prices for milk for manufacture.

The determination of the United Kingdom Government to afford protection—whether by tariffs, quotas, subsidies or other means—to all the main branches of British agriculture was obviously undermining one of the essential bases of the Ottawa Agreements. The principles upon which they were tacitly founded included the continued free entry of primary products from other parts of the Empire into the United Kingdom market. If that principle were to be permanently abolished, not only would a new foundation have to be found for Imperial agreements on trade and tariffs, but other economic problems of the British Commonwealth would be vitally affected, including the investment of capital and the flow of migration. The year 1935, when all these matters would come up for discussion in London, was obviously destined to be a critical time for the future of economic relations within the Commonwealth.

### (vii) Conclusion

If there is one clear thread running through the narrative of economic affairs in 1934, especially through the varying experience of groups of countries under different currency systems, it is the

divergence between internal and external trends. On one side there were countries like the United States, or New Zealand, whose internal economic problems seemed to have been little relieved by the expansion of their credit balance of external trade through the depreciation of their currencies. On the opposite side, there were countries of the gold bloc whose external trade difficulties were slight compared with the internal difficulties of their deflationary régimes. A third group, contrasting with both these, was composed of countries like the Union of South Africa or the United Kingdom herself, whose internal economy prospered on the strength of advantages derived from a depreciated exchange, but in face of a deteriorating balance of external trade.<sup>1</sup> Akin in many ways to this group was Germany; for while her external trade difficulties rapidly thickened she showed distinct signs of internal economic revival. In her case, however, not only was the internal expansion based on governmental artifice rather than on natural recovery, but her commercial and financial relations with the rest of the world were likewise subjected to rigid official control, with the purpose of maintaining a nominal parity between the Reichsmark and gold currencies.

Other countries whose experience it has not been possible to treat at length within the limits of this chapter may be brought into the same picture. Thus more than one country in Northern Europe found its internal economy expanding while the balance of its foreign trade moved adversely. In Denmark, for instance, while the import surplus was rising, agriculture became distinctly less depressed, the percentage of unemployment dropped to 22 per cent. from over 28 per cent. in 1933, and the index of home production rose by 9 per cent. during the year, chiefly as a result of increased building activity. Norway had a very similar experience. Sweden, on the other hand, reduced her import surplus and at the same time achieved a remarkable revival of internal industry, the index of production standing at the end of the year above the 1929 level; nevertheless a considerable residue of unemployment existed in the face of large supplies of idle capital. Among the countries of Central Europe, Austria had already effectively devalued her currency, with satisfactory results in the field of foreign trade, exports increasing to 863,000,000 schillings from 748,000,000 in 1933, and the import surplus falling from 373,000,000 to 291,000,000. Unemployment, measured by the numbers in receipt

<sup>1</sup> The excess of merchandise imports rose from £263,000,000 in 1933 to £295,000,000 in 1934. This was offset by an estimated rise of £20,000,000 in the credit balance from invisible items—investment income and shipping earnings—and a net credit of £9,000,000 from Government transactions.

of state assistance, fell appreciably during 1934, but in so far as the apparent improvement was real, and not due merely to the exclusion of disfavoured persons from the relief roll or to the absorption of workers into 'private armies', it may be wholly ascribed to the prosperity of munition manufacturing and associated industries. The index of turnover in consumers' goods fell in the course of the year, and there were other signs of internal economic trouble. In February, 1935, the Government of Czechoslovakia devalued the crown by one-sixth, and followed this up with a number of measures designed to revive the credit market, protect the exchanges, and assist agriculture. There was an appreciable improvement in foreign trade—an import surplus of 202,000,000 crowns in 1933 being turned into an export surplus of 890,000,000 in 1934—but the internal improvement was moderate and unemployment remained a serious problem. Bulgaria may be taken as representative of those European debtor countries which maintained a false external equilibrium by means of exchange regulation and cuts in debt service. Behind the barrier of exchange control Bulgaria artificially maintained the level of domestic prices by official monopolies and other means. The result was an improvement in the nominal incomes of primary producers coupled with a decline in the turnover of manufacturing industry, in exports, and in the active balance of foreign trade.

Japan's economic experience is specially important, if only because of the part that she played in international trade competition. The technique of her treatment of the problems of the depression was definitely inflationary. Apart from heavy military expenditures which were not covered by current taxation, a programme of public works—again largely of a military kind—was financed by loans. As a cure for the economic and financial stagnation that characterized Japan up to 1932 this policy must be counted successful—certainly more so than the reflationary spending programme of the United States Administration. The price paid was an addition of some 3,000,000,000 yen (say £200,000,000) to the national debt in three years; the benefits purchased included a great expansion of production and an avoidance of large-scale industrial unemployment. The textile manufacturing industries, producing largely for export, were particularly prosperous. At the same time there were serious blots on this fair picture. The agricultural population—forming nearly one-half of the total population of Japan—suffered not only from miserably low prices for their crops but also, in 1934, from disastrous weather conditions, including a drought, a typhoon and floods. The rice crop was less than three-quarters of the 1933 crop, and the cocoon

yield fell by 16 per cent. The income of farmers from these two leading products was estimated to have fallen from 1,379,000,000 yen in 1933 to 867,000,000 yen in 1934. There was chronic unemployment in many agricultural areas, and thus manufacturing industry was furnished with a ready reserve of labour which kept down the level of industrial wages in spite of increased production. Indeed, the enlargement of manufacturing output was accomplished almost entirely by advances in efficiency.

Such prosperity as Japan has lately enjoyed [wrote the Commercial Counsellor of the British Embassy]<sup>1</sup> has so far benefited only limited sections of the population. It has not been shared by the agrarian class, and it has been of advantage to the workers in industry (apart from those in specially favoured trades—for example, certain export trades and those connected with the output of munitions) negatively by saving them from unemployment rather than positively by increasing their incomes.

The favourable trend of exports had itself a reverse side, to which attention was drawn in the last volume of the *Survey*.<sup>2</sup> The balance of commodity trade deteriorated further in 1934. Exports rose in value by 306,000,000 yen, compared with the previous year, but imports rose by 364,000,000. The increase in imports was due mainly to larger purchases of raw and semi-finished materials, notably cotton, wool, iron and steel and petroleum. In this respect Japan's experience of industrial recovery was not unlike Great Britain's. The general picture of her economy is thus one of ill-distributed internal recovery, to which an improving export trade contributed while bringing with it critical problems of its own.

To the pattern of divergence between internal and external trends no country presented a striking exception (save, perhaps, Sweden), though not all provided equally decisive examples. The following table, showing the external trade experience of certain European countries of the gold bloc and of the sterling bloc in the five years ended 1934, illustrates both the main trend and the variations from it within each group.

It will be seen that between 1930 and 1933 the European sterling group's share in world export trade actually declined, while that of the gold group increased slightly. In 1934 both these groups increased their percentages, for several reasons, including the excellent European wheat crop, the difficulties of Germany and other countries of Central and Eastern Europe, and the fall in the price of wool.

<sup>1</sup> *Economic Conditions in Japan*, by G. B. Sansom and H. A. Macrae. (Department of Overseas Trade, May 1935.)

<sup>2</sup> See the *Survey for 1933*, pp. 98 *seqq.*

Nevertheless, the ratio between the exports of the sterling group and those of the gold group was appreciably lower at the end than at the beginning of the period covered by the table.

### EXPORTS AS A PERCENTAGE OF WORLD EXPORTS

(based on gold values)

	1929.	1930.	1931.	1932.	1933.	1934.*
<i>Sterling Group:</i>						
Denmark . .	1.31	1.54	1.67	1.58	1.46	1.44
Norway . .	0.51	0.68	0.58	0.78	0.80	0.80
Sweden . .	1.47	1.57	1.46	1.35	1.58	1.85
United Kingdom	10.74	10.48	9.37	9.91	10.37	10.97
Totals . .	14.03	14.27	13.08	13.62	14.21	15.06
<i>Gold Group:</i>						
Belgium† . .	2.68	2.74	3.40	3.19	3.34	3.46
France . .	5.95	6.34	6.31	6.00	6.19	6.45
Italy . .	2.42	2.41	2.79	2.78	2.69	2.47
Netherlands . .	2.42	2.61	2.79	2.64	2.50	2.64
Poland . .	0.96	1.03	1.12	0.94	0.92	1.01
Switzerland . .	1.21	1.27	1.36	1.15	1.35	1.50
Totals . .	15.64	16.40	17.77	16.70	16.99	17.53

\* Provisional figures.

† With Luxembourg.

From all this it appears most forcibly that the principal advantage of currency depreciation, even in a country like Great Britain whose exports had formerly been so much handicapped by the relative over-valuation of the pound, was not the stimulus to exports and the check to imports, but the capacity to pursue, within the national borders, liberal monetary and economic policies unshackled by care for threatened gold reserves. If those policies were successful, the effect of depreciation on the balance of trade might be moderated, even nullified, through the expansion of public buying power; if they were unsuccessful, the mere improvement of the external trade balance could not avert continued depression. On the other hand, the principal disadvantage of the situation for the countries still on gold was not the direct injury to their foreign trade but the need for still tighter internal deflation to bring their own price-systems into harmony with external prices as expressed in gold. For in no instance—neither in Great Britain, nor in the United States, nor in Japan, nor in the British Dominions, nor in Latin America—was the fall of the national currency against gold accompanied by even an approximately equal rise of prices expressed in the national currency. Hence



in every instance depreciation elsewhere meant for the gold group a further measure of deflation, as well as higher barriers against international trade in order to save their own external balances of trade from magnified deficits.

In these circumstances, international currency stabilization seemed to hold out advantages to all parties. To the members of the gold bloc it offered relief from speculation in their currencies as well as a promise that other countries would not further injure them by continued depreciation. It was not perhaps the happiest harbourage conceivable for their storm-tossed economic ships, but it was at least calm water where they could repair their tattered rigging and caulk their leaking seams. To the countries with depreciated currencies, stabilization offered improvement in the invisible items of their external balance as well as an added sense of security to promote their internal recovery, while it no longer seriously threatened their gold reserves; for these had been at least nominally inflated by the fall in their currencies, and in most cases physically augmented by an influx of gold. Yet stabilization did not come. If, among the many obstacles to it, there was one more important than the rest, it was the reluctance of the off-gold countries to attach their economies to those of a group still in the grip of deflation. The argument ran thus: prices in the gold bloc are still too high in relation to world prices; unless and until world prices rise substantially, gold prices must come down; if we tie our currencies to gold, our price-level will be forced down too, or at least prevented from rising. Since the further deflation of prices in the gold bloc seemed out of the question, the view spread in Great Britain and elsewhere that stabilization could not be achieved until the gold currencies were devalued, and that the sooner this happened the better for everybody. Just as the problem of disarmament was profoundly altered, and in some ways perhaps made easier to solve, by the rearmament of Germany, so, it was felt, the problem of economic disarmament would be eventually found less difficult if every group abandoned its former gold basis and all started equal in the new bargaining for stability. Meanwhile, the Publicans would not consort with the Pharisees. When the year 1934 opened, the possibility of currency devaluation or an abandonment of gold by France or Belgium or the Netherlands seemed to most British observers to be only a theoretical one. By the end of the year, however, it had come to be regarded in the same quarter as only a question of time for the once theoretical possibility to become an accomplished fact.

## PART II

### THE MIDDLE EAST

#### (i) Introduction

##### (a) THE MIDDLE EAST AND THE GREAT SOCIETY

THE history of the Middle East during the years 1931-4 displays several distinctive features with one common element pervading them all. This common element was a tendency for the Middle Eastern peoples to commit themselves, on the economic as well as on the political plane, to an increasingly active and intimate participation in the life of the great society which was being brought into existence in this age by the Westernization of the World.

On the political plane, this tendency is illustrated by the admission, during the period under review, of 'Irāq, Turkey and Afghanistan to membership of the League of Nations<sup>1</sup>—with the result that, at the close of this period, there were four Middle Eastern countries in the League,<sup>2</sup> in contrast to the representation of the Middle East at Geneva by Persia alone during the first eleven years of the League's existence.

Simultaneously, the consolidation of the position of the 'successor-states' of the Ottoman Empire was favoured by further progress in the settlement of their mutual frontiers. The previous settlement of the Turco-Syrian frontier<sup>3</sup> and the Najdī-'Irāqī and Najdī-Trans-Jordanian frontiers<sup>4</sup> was now reinforced by the completion of the settlement of the frontiers between Syria and 'Irāq;<sup>5</sup> between Syria, together with the Lebanon, and Palestine;<sup>6</sup> between Syria and Transjordan;<sup>7</sup> between Transjordan and 'Irāq;<sup>8</sup> and between Sa'ūdī Arabia and the Yaman.<sup>9</sup> Arrangements were also made, within the period under review, for an eventual settlement of the frontier between the Yaman and the British Protectorate in the hinterland of Aden.<sup>10</sup> It is noteworthy that all these territorial settlements and adjustments, with the one exception of the settlement between

<sup>1</sup> See sections (ii) (d) and (iii) below.

<sup>2</sup> There were also, by then, at least two more prospective Middle Eastern candidates for admission to membership: namely, Syria and Egypt.

<sup>3</sup> See the *Survey for 1925*, vol. i, Part III, section (viii); the *Survey for 1928*, Part III B, section (viii); and the *Survey for 1930*, Part III, section (v).

<sup>4</sup> See the *Survey for 1925*, vol. i, Part III, section (vi).

<sup>5</sup> See the present volume, section (viii) of this part.

<sup>6</sup> See pp. 304-5, below.

<sup>7</sup> See pp. 305-6, below.

<sup>8</sup> See p. 187, below.

<sup>9</sup> See pp. 319-20, below.

<sup>10</sup> See pp. 309-10, below.

Sa'ūdī Arabia and the Yaman, were achieved by peaceful negotiation; and this Arabian case was an exception which proved the rule; for the Sa'ūdī-Zaydī War, which preceded this settlement, was brought to an early end by a peace in which the victor was not seduced from his policy of moderation by any resentment at the fact that his defeated adversary had been, on the whole, the aggressor. At the close of the year 1934, there were only two Middle Eastern frontiers on which no progress towards an agreed settlement had yet been made. One of the two was the frontier between Transjordan and the Hijāzī portion of the Sa'ūdī dominions;<sup>1</sup> the other was the frontier between 'Irāq and Persia.<sup>2</sup>

Another feature of the Middle Eastern situation which was in the foreground during these years was the conscious and deliberate solidarity of feeling between the Middle Eastern peoples, with the exception of Turkey. While Turkey was persisting in her attempt to find her feet in the new world by ruthlessly cutting herself loose from her old Islamic associations, the other Middle Eastern peoples did not show themselves disposed, on the whole, to follow this Turkish example. They seemed rather inclined to act on the old Islamic tradition, and the more recent Pan-Islamic slogan, that 'union is strength'. This feeling was expressed in the convening of the Muslim Congress which was held in Jerusalem on the 6th-16th December, 1931, and in the arrangements which were made for placing this organization on a permanent basis.<sup>3</sup> It was expressed, again, in the conciliatoriness of the peace-terms which King 'Abdu'l-'Azīz b. Sa'ūd accorded to the Imām Yahyā at the end of the seven weeks' war of 22nd March-13th May, 1934.<sup>4</sup> A third expression of the same feeling was the reaction abroad to the events in Palestine in the autumn of 1933.<sup>5</sup> Ibn Sa'ūd's generosity towards the Imām was based on grounds of Arab fraternity (religion being a dividing rather than a unifying force as between the Wahhābī and the Zaydī). On the other hand, the Jerusalem Muslim Congress was on its guard against a tendency to shift from a Muslim to an Arab footing;<sup>6</sup> and the wave of sympathy for the Palestinian Arabs which swept across the Middle East at the turn of the years 1933 and 1934 moved the non-Arab and non-Sunni Persians as well as the Egyptians and Syrians and 'Irāqīs.<sup>7</sup> Of course, this underlying sense of solidarity did not eliminate all friction between neighbours: e.g. between Persia and

<sup>1</sup> See pp. 306-7, 308, below.

<sup>2</sup> The history of this latter controversy will be dealt with in a later volume.

<sup>3</sup> See section (i) (b) of this part.

<sup>4</sup> See pp. 318-20, below.

<sup>5</sup> See pp. 281-3, below.

<sup>6</sup> See pp. 106-7, below.

<sup>7</sup> See pp. 282-3, below.

'Irāq or between Sa'ūdī Arabia on the one hand and Transjordan and the Yaman on the other. Nevertheless, it was an important latent force which was likely to reveal its potency if and when the political low pressure which the Middle East had been enjoying since the close of the General War of 1914-18 were to give way to a different atmosphere as a result of the reappearance of some new aggressive Great Power above the Middle Eastern horizon.<sup>1</sup>

While the dominant Middle Eastern nations were still keeping up this un-Occidental solidarity among themselves, they were unhappily abandoning the tolerant Islamic for the intolerant Western tradition in their behaviour to the minorities within their gates. In its treatment of the Assyrian minority, for example, the newly fledged 'Irāqī Arab nation applied—it is true, under some provocation—the Western principle of *Gleichschaltung* by Middle Eastern methods of barbarism.<sup>2</sup> And it was no wonder that, with this example before their eyes, the Druse and Nusayrī minorities in Syria caught eagerly at the Mandatory Power's inclination to save them from falling into the hands of the Sunnī Arab majority there.<sup>3</sup> The same attitude was displayed, *a fortiori*, by stronger and more highly privileged Middle Eastern minorities like the Lebanese Christians and the Palestinian Jews.

While some of these threatened minorities (e.g. the Assyrians, the Druses and the Ansariyah) were wild highlanders whose level of culture was lower than that of the Sunnī Muslim majorities round about them, there were others (e.g. the Lebanese Christians and the Palestinian Jews) who were pioneers, in the Middle East, of the Western Civilization, or at least of its material accomplishments. During the years under review, the Middle East was being entangled, with astonishing rapidity, in the meshes of the Western economic system. The process was illustrated most sensationally in the Palestinian citrus fruit exporting and urban development 'boom'; but on a long view this Palestinian movement, arresting though it might be, was dwarfed by the entry of the Middle Eastern countries in Palestine's hinterland into the World's mineral oil production business on the grand scale. These years saw the oil-fields of 'Irāqī

<sup>1</sup> If such a Great Power were ever to reappear on the Middle Eastern scene, it would assuredly not be either Great Britain or France, who were here both in retreat—a more or less graceful retreat, as the case might be—nor again would it be Russia, whose Middle Eastern policy, under the Soviet régime, was that of fraternization and not that of ascendancy. (See the *Survey for 1928*, Part III B, section (xiii), and the present volume, pp. 377-8, below.)

<sup>2</sup> See the present volume, section (ii) (b) (3) of this part.

<sup>3</sup> See pp. 284 *seqq.*, 293-5, 301, below.

Kurdistan, and those of Bahrayn, in the Persian Gulf, become going concerns,<sup>1</sup> in addition to the oil-fields of Southern Persia, which had been the only important Middle Eastern oil-fields in operation before. And, during the same years, arrangements were made for opening up fresh fields in Northern Persia,<sup>2</sup> North-Western 'Irāq,<sup>3</sup> and Sa'ūdī Arabia.<sup>4</sup> These events effectively put 'the Bible Lands' of the Middle East upon the bizarre map of the World as known to Finsbury Circus and Wall Street. And the Middle East seemed likely to remain on that map—even if its oil resources dried up, or if oil itself became as obsolete as coal—in virtue of an inalienable geographical position which made the Middle East into the natural highway between Europe and the Farther East in an air-minded and automobile-minded age.

In this new economic hum and bustle, the Middle Eastern peoples were showing no inclination to play the legendary passive part which was flatteringly ascribed to 'Orientals' in modern Western folk-lore. So far from letting the latter-day legions 'thunder past' (to plunge, belike, down a steep place into the sea), the Arabs and Persians now began to vie with the Turks in enlisting under the banners of Industrialism. All unconsciously and unintentionally, the D'Arcys and the Rutenbergs had set human spirits, as well as oil and water, in motion in their wars of economic conquest in the Middle East; and the energies that would be developed by this volatile spiritual force were far harder to predict than the effects of throwing the oil resources of Persia and 'Irāq upon the world-market or of bringing hydro-electric power from the Yarmuk falls to Tel Aviv.<sup>5</sup> A sign of the times was the hardness of the bargains which the Governments of Middle Eastern countries were now learning to drive with the great Western oil interests;<sup>6</sup> but the Middle Easterners were no longer content simply to take a handsome 'rake-off' from the Westerners' profits in exploiting the natural wealth of the Middle Eastern sub-soil. One of the most significant aspects of the new bargains was an insistence that the Western oil enterprises in Middle Eastern countries must employ local unskilled labour exclusively and must

<sup>1</sup> See pp. 188 *seqq* and 224, below. <sup>2</sup> See p. 243, below. <sup>3</sup> See pp. 188–94, below.

<sup>4</sup> An agreement for the exploitation of the mineral oil resources of the eastern part of the Sa'ūdī Empire was signed at Jiddah on the 29th May, 1933, by the Sa'ūdī Government and the Standard Oil Company of California (*Oriente Moderno*, September 1933, pp. 476–7).

<sup>5</sup> Dr. Rutenberg's 'Battle of the Yarmuk' was characteristically different in kind from the historic engagement of A.D. 636; but it was not inconceivable that it might prove, in the event, to have had a comparably profound effect upon the fortunes of the Middle East.

<sup>6</sup> See pp. 188–94 and 242–6, below.

train local talent as rapidly as possible to qualify for occupying the higher posts in the conduct of the business on the spot.<sup>1</sup> In certain cases the Western oil companies were now required to provide a considerable number of Middle Eastern students with a technical training in Western places of education at the companies' expense.<sup>2</sup> The Middle Eastern Governments that made these stipulations were exposing their countries to the impact of a revolutionary social force. In this age the virus of 'Strakerism' was wracking even the Western body social, which should have been more capable than any other of resisting the effect of a poison that was, after all, distilled out of the West's own native humours. How would this poison work when it was injected into the body social of Islam? That was a question which would doubtless answer itself in the next chapter of the story.

(b) THE ISLAMIC CONGRESS AT JERUSALEM IN DECEMBER 1931

BY PROFESSOR H. A. R. GIBB

The General Islamic Congress (*al-Mu'tamaru'l-Islāmīyū'l-'Āmm*) held at Jerusalem from the 7th to the 17th December, 1931, was the third attempt to convene a General Congress of representative Muslim organizations, and the second attempt to constitute a permanent Central Executive for the furtherance both of certain specific objects and of projects which appealed to the interests of Muslims in general. The first Congress was that convened by a committee of Egyptian 'ulamā and held at Cairo in May 1926 to investigate the situation of the Caliphate;<sup>3</sup> the second was the 'Congress of the Islamic World' convened by King 'Abdu'l-'Azīz b. Sa'ūd and held at Mecca in the June and July of the same year.<sup>4</sup> At the latter, which was attended by official delegations from the Governments of Arabia, Egypt, Turkey and Afghanistan, and from authoritative Muslim bodies and associations in other countries,<sup>5</sup> proposals were drawn up for the holding of an annual Congress at Mecca for the discussion of Islamic affairs, with a permanent Standing Committee.<sup>6</sup> This committee, however, seems never to have been called into existence, partly through the reluctance of the Governments concerned to commit themselves to membership of a permanent organization of this sort,<sup>7</sup> partly because

<sup>1</sup> See p. 244, below.

<sup>2</sup> *Loc. cit.*

<sup>3</sup> See the *Survey for 1925*, vol. i, pp. 81-90.

<sup>4</sup> *Op. cit.*, pp. 311-18.

<sup>5</sup> This was in contrast to the membership of the Cairo Caliphate Congress, which was wholly non-official—most of the members attending in a purely private capacity—and mainly clerical.

<sup>6</sup> *Survey for 1925*, vol. i, p. 318.

<sup>7</sup> This reluctance was no doubt reinforced by the stipulation in the Statute of the Congress that each country should pay an annual subscription of £E300 per delegate for the privilege of representation.

Ibn Sa'ūd himself had not reaped the advantages which he had hoped for from the holding of the Congress at Mecca.

The field was thus opened for a fresh initiative, and the opportunity was seized by al-Hājj Muhammad Amin al-Husaynī, Mufti of Jerusalem and President of the Supreme Muslim Council of Palestine,<sup>1</sup> acting in concert with Mr. Shawkat 'Alī, the leader of the Indian Khilāfat Committee. The beginnings of this collaboration went back to the Arab outbreak in Palestine in August 1929 and its consequences,<sup>2</sup> when the concern throughout the Islamic World found practical expression in the widespread support given to the Arab claims before the Wailing Wall Commission.<sup>3</sup> After the failure of the direct negotiations in the spring of 1930 between the Palestinian Arab Delegation and the Colonial Office,<sup>4</sup> the leaders of the Arabs realized more fully the advantages which might be gained from mobilizing such external support for their aims, and the relative success with which the Indian Khilāfat Committee was reported to have brought pressure to bear upon the British Government during the aftermath of the General War<sup>5</sup> made them especially welcome allies. The alliance was sealed in January 1931, when the body of the former leader of the Khilāfatists, Mr. Muhammad 'Alī, was solemnly interred in the precincts of the Haramu'sh-Sharīf at Jerusalem.<sup>6</sup>

The actual decision to convene a General Congress was taken a few months later, at a moment when Muslim feeling was still strongly moved by the situation in Palestine, as the result of the letter addressed by the Prime Minister of the United Kingdom to the Zionist leader, Dr. Weizmann, on the 13th February, 1931,<sup>7</sup> and of the issue of the Report of the Wailing Wall Commission at the end of June.

<sup>1</sup> For the establishment of the Supreme Muslim Council see the *Survey for 1925*, vol. i, pp. 364-5. Al-Hājj Amin al-Husaynī had been President of the Council since its establishment in 1922.

<sup>2</sup> See the *Survey for 1930*, pp. 251 *seqq.*

<sup>3</sup> *Op. cit.*, pp. 286-7; and cf. the statement in the *Report* of the Commission (p. 5) that the persons who appeared before it 'may be said to have represented Muslims from practically every country in the World with a Muslim population'.

<sup>4</sup> See the *Survey for 1930*, p. 287.

<sup>5</sup> See the *Survey for 1925*, vol. i, pp. 46-9.

<sup>6</sup> *Oriente Moderno*, February 1931, pp. 84-6. Mr. Muhammad 'Alī died in London on the 4th January, 1931, while attending the Round Table Conference on Indian Reforms. The policy which seemed to be implied by his burial at Jerusalem, namely to strengthen the attachment of Muslims all over the World to the sanctuary of Jerusalem by making it a sort of Muslim Pantheon, was pursued again, a few months later, when the body of the ex-King Husayn of the Hijāz, who died at 'Ammān in Transjordan on the 6th June, 1931, was buried in close proximity to Mr. Muhammad 'Alī's.

<sup>7</sup> See the *Survey for 1930*, pp. 301-3.

At a meeting of the Supreme Muslim Council held on the 26th July, the Muftī was authorized to send out invitations.<sup>1</sup> On his way back from India to England Mr. Shawkat 'Ali conferred with the Preparatory Commission, and after midday prayer at the Mosque of al-Aqsā on the 4th September he publicly announced the intention of holding a General Islamic Congress in Jerusalem during the Muslim month of Rajab following (between the 12th November and the 11th December), 'for the purpose of investigating the actual situation of Islam and the measures to be taken in defence of its interests'. The invitations were despatched in the month of October, and were marked by two new features of some significance. In addition to those sent to the rulers of Muslim countries,<sup>2</sup> to various political and religious bodies (including the Indian Khilāfat Committee and the Wafdist party in Egypt) and to prominent individuals, invitations were issued to all the Muslim Associations which had sprung up throughout Egypt and the Arabic-speaking countries during the immediately preceding years, and also to the various corps of Shi'ite 'ulamā in Syria and 'Irāq. The significance of the invitations issued to the former lay in the perception by the organizers of the Congress that these associations formed a new and important element in the structure of Muslim society, by which, for the first time, the lay and middle classes were organized for the furtherance of Muslim objects.<sup>3</sup> They therefore represented, much more fully and freely than the official delegations of Muslim Governments, the genuine 'public opinion' of the Muslim countries,<sup>4</sup> and were in turn able to influence opinion to a much greater degree. The invitation to the Shi'ah divines to participate in the Congress was an even more striking innovation, inasmuch as it was the first outward manifestation of a new spirit of co-operation (born in part of common adversity)

<sup>1</sup> Statement by the Muftī, published in *The Times*, 27th November, 1931.

<sup>2</sup> According to a report quoted in *Oriente Moderno*, October 1931, p. 527, from the Damascus newspaper *Alif-Bā*, invitations were issued to the Kings of Egypt and 'Irāq, the Imām of the Yaman, King 'Abdu'l-'Aziz b. Sa'ūd, the Amir 'Abdu'llāh of Transjordan, President Mustafā Kemāl, the Sultan of Hadramawt [? Makalla], and the Muslim princes of India [presumably requesting them to send representatives]. The Shah of Persia and the King of Afghanistan are not mentioned in the list.

<sup>3</sup> The chief of these societies were the 'Eastern League' (*ar-Rābitatu sh-Sharqīyah*) founded in Egypt in 1922; the 'Young Men's Muslim Association' (*Jam'iyatu sh-Shubbānī'l-Muslimīn*) founded in Egypt in 1927, with branches in Palestine, Syria and 'Irāq; and the older 'Association for Islamic Guidance' (*Jam'iyatu'l-Hidāyati'l-Islāmīyah*) in Egypt and 'Irāq. See the article by Prof. G. Kampffmeyer in *Whither Islam?* (ed. H. A. R. Gibb, London, 1932, Gollancz), pp. 102 *seqq.*, and *op. cit.*, pp. 352 *seqq.*

<sup>4</sup> During the Mecca Congress the official delegations withdrew on several occasions in order to avoid embarrassments for their Governments.



which held out the hope of healing the age-long breach between the Sunnī and the Shī'ah branches of Islam,<sup>1</sup> and which had been encouraged by the Shī'ite support given to the Arab claims before the Wailing Wall Commission. Thus the Congress, if it assembled as planned, would present a much truer picture of the range and currents of feeling in the Muslim World than either of its predecessors.

The announcement of the Congress and the issue of invitations had a mixed reception. The vague terms employed in Mr. Shawkat 'Alī's public declaration gave rise to speculation as to the exact objects for which it had been convened, and a rumour was set on foot that it was intended to reopen the question of the Caliphate and to nominate the Ottoman ex-Caliph 'Abdu'l-Mejīd Efendī. This suggestion met with vigorous opposition, and though it was explicitly denied by the organizers,<sup>2</sup> it continued to form a stumbling-block in their path. Nor did the fuller definition of the matters to be laid before the Congress succeed in allaying the opposition entirely.<sup>3</sup> The 'ulamā of the theological seminary of al-Azhar, on the one hand, were strongly averse from the project of establishing a Muslim University at Jerusalem;<sup>4</sup> on the other hand, a vocal section of modernist opinion in Egypt declared the Congress to be of a 'reactionary' character and contrary to 'the modern evolution towards national states'.<sup>5</sup> These sentiments were naturally echoed in Turkey, where the Minister for Foreign Affairs declared in the Great National Assembly that Turkey would have no dealings with the Congress, as 'such initiatives are of no value to any country . . . and distract the peoples from the path of progress. In particular, we are opposed to any internal or external policy which makes use of religion as a political instrument'.<sup>6</sup>

The other Governments also showed some hesitation in responding, and made inquiries from their representatives and the authorities in

<sup>1</sup> For a discussion of the causes and nature of this breach see A. J. Toynbee: *A Study of History* (London, 1934, Milford), vol. i, pp. 347-402.

<sup>2</sup> The Mufti asserted that the rumour had been deliberately circulated by Zionists and 'enemies of Islam', but no positive evidence is available on this point.

<sup>3</sup> The objects of the Congress were declared to be: (1) Muslim co-operation; (2) the diffusion of Islamic culture; (3) defence of the Muslim Holy Places [scilicet Jerusalem]; (4) preservation of the traditions of Islam; (5) the establishment of a Muslim University at Jerusalem; (6) restoration of the Hijāz Railway (*Oriente Moderno*, October 1931, pp. 526-7).

<sup>4</sup> A theological college had already been set up in Jerusalem in 1923 to train candidates for religious office and functions in the Shari'ah courts (*Oriente Moderno*, October 1923, pp. 324-5).

<sup>5</sup> *Ibid.*, October 1931, pp. 527-9.

<sup>6</sup> *Ibid.*, November 1931, pp. 579-80.

Palestine. As the Mandatory Government had not been officially consulted before the Congress was announced, the Mufti was summoned towards the end of November by the High Commissioner in order to define its objects and was warned that the Government would not allow the convening of a Congress at which questions might be raised affecting the internal or external affairs of friendly Powers.<sup>1</sup> Already, as the result of a personal interview between the Mufti of Jerusalem and the Egyptian Prime Minister, the Egyptian Government were reported to have consented to send delegates.<sup>2</sup> Subsequently, however, they decided not to be officially represented, but placed no difficulties in the way of delegates from the Muslim Associations in Egypt and from the Wafd. The leaders of the Wafdist and Liberal parties both signified their personal adhesion to the Congress by letter or telegram.<sup>3</sup> Of the Arab rulers, the Imām of the Yaman was the only one to respond immediately in a favourable sense.<sup>4</sup> The other kings and princes maintained at first an attitude of reserve; but, when the Congress actually assembled, the members of the Hāshimī house in 'Irāq and Transjordan associated themselves with it, and King 'Abdu'l-'Azīz b. Sa'ūd nominated a representative, who was, however, unable to reach Jerusalem in time to take part.<sup>5</sup> The various Muslim Associations which had received invitations were, on the other hand, represented almost without exception, and all the Shi'ite groups (except that of India) sent either messages of adhesion or representatives, some of whom took a prominent part in the ceremonies and deliberations. Delegates or representatives also attended from Persia, India, Ceylon, Indonesia, Chinese Turkistan, the Urals, the Caucasus, Jugoslavia, Morocco, Algeria, Tunisia, Libya and Nigeria.<sup>6</sup>

The organizers of the Congress could thus justifiably congratulate themselves on the response made to their initiative by the outer Islamic World. All the more striking, therefore, was the hostility displayed towards it by a large and influential section of Muslim opinion in Palestine itself. The long-standing family rivalries which divided and paralysed the Arabs in every sector and on every issue

<sup>1</sup> *Ibid.*, p. 579.

<sup>2</sup> *The Times*, 9th November, 1931.

<sup>3</sup> *Oriente Moderno*, November 1931, p. 580; January 1932, p. 27.

<sup>4</sup> *Ibid.*, November 1931, p. 580.

<sup>5</sup> *Ibid.*, January 1932, p. 29.

<sup>6</sup> Several of these were, as in previous congresses (cf. the *Survey for 1925*, vol. i, p. 86), political exiles from their native countries, which they were considered to 'represent'. But the proportion of these at Jerusalem was relatively small (being practically limited to countries under French or Italian control), and it should not be overlooked that such exiles frequently continued to exert a wide influence within their native lands, as well as beyond their borders.

of public life suddenly flared up in an undignified spectacle of disunity, which was the more disastrous because it was exhibited in front of such a representative gathering. The opponents of the Mufti opened their public campaign with a manifesto criticizing the Mufti and the 'commission of unknown persons' who had been responsible for the preparatory work and for issuing the invitations;<sup>1</sup> but apparently this was not the first step in their campaign, to judge by the circulation of an undercurrent of rumours and criticism in Egypt and elsewhere, before the meeting of the Congress, to the effect that the real object of the Congress was to strengthen the personal influence of the Mufti and of Mr. Shawkat 'Alī against their local rivals in Palestine and India respectively.<sup>2</sup> Mr. Shawkat 'Alī, indeed, made strenuous efforts to placate the Palestinian opposition, but without success;<sup>3</sup> and, immediately after the assembly of the Congress, the Mufti's opponents, led by the Mayor of Jerusalem, Rāghib Bey an-Nashāshībī, and those of several other towns, convened a counter-conference in Jerusalem itself, at which resolutions were passed demanding a reformed constitution of the Supreme Muslim Council and expressing lack of confidence in the Mufti as its President.<sup>4</sup>

The Congress was duly inaugurated in the presence of all the delegates and members on the 6th December, 1931, and remained in session until the 16th of the same month, closing finally at 1 a.m. on the 17th.<sup>5</sup> Apart from a scuffle at the inaugural meeting in the

<sup>1</sup> Published on the 19th November, 1931, and signed by the President of the Supreme Shari'ah Court of Appeal, the Mayors of Jerusalem, Jaffa and six other towns, two members of the Supreme Muslim Council, and other notables (*Oriente Moderno*, November 1931, p. 578).

<sup>2</sup> *Ibid.*, October 1931, p. 529.

<sup>3</sup> *Ibid.*, November 1931, p. 581.

<sup>4</sup> *Ibid.*, January 1932, pp. 56-7. It is interesting to observe that a similar, though less serious, conflict of views appeared amongst the Jewish population. While the official Zionists frankly regarded the Congress as a political move directed against the Zionist programme, the Palestine branch of the Orthodox *Aqudah Israel* sent a message of welcome to the Congress on its opening day (*ibid.*, p. 26). Mr. Shawkat 'Alī had previously invited Mr. Sokolow, the President of the Jewish Agency, to attend the Congress for the purpose of presenting the Zionist point of view—an invitation which was naturally refused as 'inopportune', and which gave some offence to the Arabs of Palestine (*ibid.*, p. 26).

<sup>5</sup> The full official report of the Congress, which was announced for publication, had not yet appeared at the time of writing (May 1935). A provisional report was issued privately to members, but this was not available for the public. The fullest report of the proceedings was to be found in the issues of the 7th to the 18th December, 1931, of the Christian Arabic daily journal *Filastīn* (published at Jaffa); these are summarized in *Oriente Moderno*, January 1932, pp. 24-41. The Statute of the Congress and the reports of the Sub-Committees were published in English translation by the Central Bureau in a separate pamphlet (*Decisions of the General Muslim Congress in its first Session*, Jerusalem, n.d.).

mosque of al-Aqsā, arising out of a dispute between a Wafdist representative and two Egyptian journalists, and terminated by police intervention, the proceedings were orderly and in accordance with the programme. Eight committees were formed to study and report on matters relating to: (1) the Statute of the Congress; (2) Congress Propaganda and Publications; (3) Finance and Organization; (4) Muslim Culture and the proposed 'University of the Sanctuary of al-Aqsā'; (5) the Hijāz Railway; (6) the Holy Places and the Wailing Wall; (7) Islamic Propaganda and Guidance; (8) Proposals laid before the Congress. These reports were subsequently discussed in the general meetings, and were approved with or without modification.<sup>1</sup>

The principal recommendations adopted by the Congress were those presented by the First and Fourth Committees, relating to its own constitution and the establishment of a Muslim University at Jerusalem. The former consisted of seventeen articles. Article 2 defined the objects of the Congress as: (a) to cultivate the spirit of co-operation amongst Muslims; (b) to protect Muslim interests and Holy Places; (c) to defend Muslims against the activities of Christian missions; (d) to further the establishment of Islamic and Arabic universities and scientific institutions, concentrating in the first instance on Jerusalem; (e) to consider other matters of importance to Muslims. Articles 3 to 6 envisaged the re-assembly of the Congress 'every second year', normally at Jerusalem, and made provision for holding extraordinary meetings as and where decided by the Executive Committee. The constitution and functions of the latter were laid down in Articles 9 to 12. The Committee was to consist of the President and twenty-five members elected by the Congress, and was empowered to carry into effect the resolutions of the Congress, to prepare the agenda for the next Congress, to organize branch committees and delegations, and to elect a Central Bureau of seven persons chosen from amongst the members of the Congress. Articles 13 to 15 dealt with the management of the Congress funds.<sup>2</sup>

<sup>1</sup> In spite of the veto imposed by the Mandatory Government on discussions relating to the policy of 'friendly Powers', the Congress not only expressed itself strongly on the Zionist question, but also protested against mandates and colonization generally, and against French policy in Morocco, the anti-religious policy of the Soviet Government, and the activities of the Italian authorities in Libya in particular. The criticism of the last named by the Wafdist delegate 'Abdu'r-Rahmān Bey 'Azzām was so vigorous that the Mandatory Government formally expelled him from Palestine (*Oriente Moderno*, January 1932, p. 42).

<sup>2</sup> i.e. of the funds to be collected by means of 'subscriptions, contributions, and other resources'. It was generally understood that the expenses of the

The recommendations relating to the proposed 'University of al-Aqsā' specified that it should consist of several faculties,<sup>1</sup> that efforts should be concentrated in the first instance upon providing the requisite funds and buildings (the Executive Committee being empowered, should this be successfully accomplished, to proceed with the organization of instruction), and that Classical Arabic should be the official language of instruction, facilities being provided for non-Arab students to acquire a sufficient knowledge of Arabic for the prosecution of their studies.<sup>2</sup>

Further resolutions provided for the opening of a central bureau of publicity, with local branches, to 'propagate the principles of the Congress' by means of meetings and publications; the formation of local committees for the collection of annual and special contributions;<sup>3</sup> the preparation of an Arabic dictionary; the protection of the Holy Places in Palestine by boycotting Zionist goods and creating an agricultural association to purchase and exploit Palestinian lands; and the establishment of an 'Association for Islamic Propaganda and Spiritual Direction' (*Jam'iyatu'd-Da'wah wa'l-Idāyati'l-Islāmīyah*) to combat missionary attacks and the spread of atheism and to encourage and improve Muslim preaching and propaganda. Lastly, the Congress passed a vote of thanks to the Christians of Palestine and Transjordan for their sympathy towards itself, and sent a special greeting to the Orthodox Conference at Jaffa, declaring that the cause of the Orthodox Arab Christians was regarded as part of the common Arab cause.<sup>4</sup>

At the same time, however, particular care was taken, for both first meeting were defrayed mainly by the Indian Khilāfat Committee, but a certain sum was contributed also by the Supreme Muslim Council.

<sup>1</sup> This provision, which was based in the report on the necessity of obviating the prevalent system whereby Muslim students were in the habit of completing their professional and technical education in non-Muslim countries, was obviously intended partly as a countermove to the Hebrew University of Jerusalem, and partly to meet the objections raised by the 'ulamā of al-Azhar to the establishment of a rival theological college (see p. 102 above).

<sup>2</sup> The latter provisions were not altogether to the liking of Mr. Shawkat 'Alī, who protested that the exclusive use of Arabic would hinder non-Arab Muslims from making full use of the University, and demanded that all living Muslim languages should be studied in the University, in order to make of it a meeting-place for Muslims of all countries (*Oriente Moderno*, January 1932, p. 30).

<sup>3</sup> It was provided that a statement of contributions and expenses should be published every six months, but up to the time of writing (May 1935) no public statement of accounts had been issued.

<sup>4</sup> This was more particularly intended in reference to the struggle then proceeding in the Orthodox Conference between those who supported the election of a Greek and an Arab Patriarch of Jerusalem respectively. The Conference had previously sent a message of congratulation to the General Islamic Congress.

internal and external reasons, that the Congress should not assume the appearance of a Pan-Arab rather than a Pan-Muslim gathering. The opportunity offered by the presence of so many delegates and representatives from the Arabic-speaking lands was indeed seized to hold an 'Arab Congress' and formulate an 'Arab Covenant' (*al-mithāqu'l-'arabī*) on the 13th December, 1931;<sup>1</sup> but the members who took part in this met privately in another building and their action was not associated in any way with the Islamic Congress. Similarly, as the result of the voting for the members of the Executive Council, the twenty-five seats were filled by three Egyptians, four Indians, four North-West Africans, one Persian, one Javanese, one Turk (from Warsaw), one Bosniak, and ten Arabs from Palestine, Syria, 'Irāq, and Arabia, two of these being Shi'ites.<sup>2</sup>

During the first year of its existence the Executive Council assiduously carried out the functions assigned to it. The Central Bureau was formed, with the Persian ex-Minister, Sayyid Ziyā'ud-Dīn Tabātabā'i, as Secretary; protests were drawn up and despatched to the League of Nations and the relevant High Commissioners and Foreign Ministries against the usurpation of the Hijāz Railway,<sup>3</sup> the Report of the Wailing Wall Commission, the Italian régime in Libya, the recognition given to Berber customary law in Morocco, the persecution of Muslims in the territories of the U.S.S.R., and against 'every kind of colonization';<sup>4</sup> and manifestos and appeals were issued at intervals to the Muslim World, dealing with current events (e.g. the rebellion in Arabia led by Ibn Rifādah),<sup>5</sup> with the plans and proposals for the future University of al-Aqsā, and with other matters, such as the use of the Muslim calendar. Meanwhile, 'sections' or branches of the Congress were organized in various

<sup>1</sup> The terms of the Covenant were as follows: '1. The Arab lands are a complete and indivisible whole, and the divisions of whatever nature to which they have been subjected are not approved nor recognized by the Arab nation. 2. All efforts in every Arab country are to be directed towards the single goal of their complete independence, in their entirety and unified; and every idea which aims at limitation to work for local and regional politics must be fought against. 3. Since colonization is, in all its forms and manifestations, wholly incompatible with the dignity and highest aims of the Arab nation, the Arab nation rejects it and will combat it with all its forces.' (*Oriente Moderno*, January 1932, p. 43, and Arabic journals generally.) The outgrowth of this meeting was a proposal to convene a Pan-Arab Congress in Baghdad in the autumn of 1932, but the date of meeting was postponed and the Congress had not yet been held by the spring of 1935.

<sup>2</sup> The full list, with the votes cast, will be found in *Decisions of the General Muslim Congress in its first Session*, pp. 18-19.

<sup>3</sup> See the *Survey for 1925*, vol. i, pp. 316-17.

<sup>4</sup> Summaries of these protests in *Oriente Moderno*, June 1932, pp. 331-2.

<sup>5</sup> See Section (x) of this part of the present volume.

countries,<sup>1</sup> and a conference of representatives of sections was held in Jerusalem in August 1932 to discuss ways and means for the collection of funds.<sup>2</sup> The project of the new university was also actively pushed forward, and plans were drawn up for the establishment of faculties of theology, science, and medicine, to accommodate 500, 200, and 300 students respectively.<sup>3</sup> In November 1932 the Supreme Muslim Council agreed to contribute an annual sum in perpetuity to the faculties of theology and science from the *waqf* revenues appropriated to the religious schools, and resolved to put the Palace Hotel, a large building erected by the Council some years before, at the disposal of the university for the holding of classes to begin with.<sup>4</sup>

All these plans, however, threatened to suffer shipwreck on the rock of finance. The Muslim countries, like the rest of the World, were floundering in the economic depression; and, though Palestine itself was enjoying an economic boom, the Muslim peasantry were in dire straits,<sup>5</sup> while in the towns the feud between the Mufti's adherents and the 'Opposition' continued to rage unabated.<sup>6</sup> In 1933 it was resolved to send a delegation, headed by the Mufti and the Wafdist ex-Minister 'Allūbah Pasha (who held the office of Treasurer), to 'Irāq and India to collect contributions. Between May and September the delegation made a tour of the principal cities, in each of which they were received with great enthusiasm, and a committee for the collection of funds was set up.<sup>7</sup> No statement as to the financial results of this mission had, however, been issued up to the time of writing.

<sup>1</sup> A complete list of these is not available; but, besides the twenty sections in Palestine itself, branches were formed in Transjordan, Syria, 'Irāq, Egypt, Yaman, Mombasa, India, Java, Hongkong, Buenos Aires, Berlin, and Geneva.

<sup>2</sup> *Oriente Moderno*, August 1932, pp. 426-7.

<sup>3</sup> Among the publications of the Central Bureau was an illustrated brochure (published in 1932) with imposing 'views' of the proposed colleges of theology, medicine and science, and agriculture.

<sup>4</sup> *Oriente Moderno*, November 1932, pp. 580-1.

<sup>5</sup> See section (vi) of this part, pp. 275-8.

<sup>6</sup> In August 1932 the Palestinian supporters of the Mufti and the Supreme Muslim Council formed themselves into a new political party under the name of the 'Party of Independence' (*hizbu'l-istiqlāl*). The opposition, led by the mayors, retorted by forming themselves in October 1934 into a 'Party of National Defence' (*hizbu'd-difā' il-watanī*).

<sup>7</sup> *Oriente Moderno*, May-October 1933, pp. 293-559 *passim*. The Committee at Baghdad was established under the patronage of King Faysal and presided over by the Prime Minister. The Indian tour was organized and assisted by the Indian Khilāfat Committee—a move which did something to dispel the rumours of strained relations between the Mufti and Mr. Shawkat 'Alī. In India, too, however, some criticism was expressed of the activities and objects of the delegation.

Although at the end of 1933 the two years specified in the Statute of the Congress for its re-assembly had elapsed, no steps appear to have been taken to convene another meeting, and, in spite of the efforts of the President and Central Bureau, the Congress seemed to be going the way of its predecessors. In the spring of 1934, however, it once again came prominently into notice in connexion with the war which broke out at that time between King Ibn Sa'ūd and the Imām of the Yaman.<sup>1</sup> This event produced a profound impression in the Arab countries, and moved the Executive Committee of the Congress to appoint a Peace Delegation, composed of the Muftī, 'Allūbah Pāshā, the Druse Amīr Shakīb Arslān, and the Syrian Nationalist leader al-'Atāsī Bey. They reached Mecca on the 14th April and were received by King Ibn Sa'ūd, who declared his willingness to accept their arbitration. The delegates opened telegraphic communication with the Imām, and took part in the negotiations which resulted in the treaty that was initialed at Tā'if on the 20th May and was published simultaneously at Mecca, San'ā, Cairo and Damascus on the 23rd June.<sup>2</sup>

Thereafter, the Congress showed little sign of activity, and the new university remained an aspiration;<sup>3</sup> but the Central Bureau, with its offices in the Haram at Jerusalem, still remained in existence.

## (ii) The Admission of 'Irāq to Membership of the League of Nations and the Problem of the Non-Arab Minorities

### (a) INTRODUCTORY NOTE

The admission of the Kingdom of 'Irāq to membership of the League of Nations on the 3rd October, 1932, by the unanimous vote of fifty-two states members of the Assembly was an event of historic importance and interest for a number of reasons.

In the first place, this political emancipation of an Oriental country from the control of a Western Power signalized the reversal of a previous process of Western imperial expansion which had been at

<sup>1</sup> See section (xii) of this part. Before this, the Bureau had organized a reception at Jerusalem for the Persian and Afghan Ministers to Cairo in January 1934, after the demonstrations in the Persian Majlis on behalf of the Arabs of Palestine (see below, section (vi), pp. 282-3).

<sup>2</sup> *Oriente Moderno*, March 1934, pp. 231-2, April 1934, p. 298, May 1934, p. 314. Before leaving Jiddah the delegates were thanked by Ibn Sa'ūd for their services (*ibid.*, May 1934, p. 340).

<sup>3</sup> At the time of writing the Palace Hotel was being leased by the Government of Palestine for the use of certain of its Departments.



work for the best part of two centuries, beginning with the *de facto* establishment of the British East India Company's control in Bengal in A.D. 1765. Since that time, the former provinces of moribund Oriental empires—not only in India, but also in the Far East and throughout the Islamic World—had been passing, one after another, into the hands of Western Powers like Great Britain and France or Westernized Powers like Russia and Japan; and, long before the opening of the twentieth century of the Christian Era, it had come to be a popular assumption that this process was both inevitable and irreversible.<sup>1</sup> While the latter-day prudery of the Western political conscience might invent the status—or title—of 'protectorate' to clothe the nakedness of the rapacity with which the Western lions and bears and eagles were seizing and devouring their prey, it was commonly taken for granted that the declaration of a protectorate was simply one step on the road towards an eventual annexation: that the destiny of Egypt<sup>2</sup> was to be like that of Bengal, and the destiny of Tunisia like that of Algeria. And when the mandatory system was devised at the Peace Conference of Paris and was applied—among other applications of it—to certain Asiatic provinces of the Ottoman Empire which had been conquered, during the War of 1914–18, by two of the victorious Allied Powers, it was not unduly cynical to suppose that 'mandate' was a specious new term for 'protectorate' (now that this once fair-sounding word had been discredited by the use to which it had been put) and that the post-War 'mandated territories', like the pre-War 'protectorates', were destined to become integral and permanent parts of the imperial domains of the Powers which held them in fee. The emancipation of 'Irāq in 1932, only fifteen years after the first entry of the Mandatory Power's military forces into Baghdad, was evidence that this cynical forecast, natural though it might have been, was wide of the mark.

One explanation of the difference in the respective outcomes of the British mandate for 'Irāq and the British protectorate over Oudh or Northern Nigeria was to be found in the fact that, while a protec-

<sup>1</sup> Even when this assumption was most widely held, there were perhaps still always a certain number of Western observers who took the view that eventually, whether sooner or later, there would be a turn of the tide; and this insight into the future was probably not least common among those Westerners who had played a personal part in the establishment and maintenance of Western rule in Oriental countries.

<sup>2</sup> For the British Government's declaration of a protectorate over Egypt on the 18th December, 1914, and its sequel, see the *History of the Peace Conference of Paris*, Vol. vi, pp. 193–205; the *Survey for 1925*, Vol. i, Part III, section (i); the *Survey for 1928*, Part III B, section (i); the *Survey for 1930*, Part III, section (ii).

torate was a bilateral relation between two parties of unequal strength, a mandate really was held in fee, in the sense that it was conferred upon the Mandatory Power by the Principal Allied and Associated Powers and was administered by it under the supervision of the Council of the League of Nations, so that in this case some third party was involved at every stage. This assertion of the principle that the political control of a strong progressive state over a weak and backward one was a trusteeship, and that the proper execution of such a trust was a matter of concern to the whole of the community of nations, marked a notable step forward in the advance from the Machiavellian régime of parochial sovereignty towards a new oecumenical order of society. At the same time, it could hardly be maintained that this new element in the mandatory system, which distinguished it from the old institution of the protectorate, was actually the most potent of the factors which accounted for the emancipation of 'Irāq in 1932.

The extraordinary feature of the international transactions which began with the signature of the Anglo-'Irāqī Treaty of the 30th June, 1930,<sup>1</sup> and which culminated in the transformation of the former mandated territory into an independent state member of the League of Nations on the 3rd October, 1932, was that the Government and the prevailing public opinion of the Mandatory Power were at one with the Government and the prevailing public opinion of the mandated territory in pressing for an early liquidation of the mandate, while the hesitation was shown by the Permanent Mandates Commission, which was the League Council's constitutional advisory body in this field of the Council's work.

Why was it that the respective roles which would have been confidently forecast for the Commission and the Mandatory Power at the time when the mandate was conferred were inverted in the event, only ten years later?

The change in the British attitude towards Great Britain's political intervention in 'Irāq was one example of a sudden but profound alteration in the general attitude of the Western Imperial Powers<sup>2</sup>

<sup>1</sup> For the signature of this treaty, see the *Survey for 1930*, Part III, section (vi).

<sup>2</sup> The change of attitude declared itself earliest in Great Britain; it was slower to appear in France; and there was no trace of it in Italy, who had had no opportunity of tiring of a fruit which she had never been permitted to taste since the loss of the last remnants of the Venetian Empire in the Levant. The experience of France in Syria and the Lebanon, between the Armistice of 1918 and the time of writing in 1935 is, however, instructive. In 1935, the exercise of political authority in the Levant undoubtedly seemed very much less desirable in French eyes than it had been felt to be seventeen years before.

towards the exercise of political control in Oriental countries. This kind of dominion, which had formerly been regarded as the chief prize of Imperialism, had now come to be looked upon no longer as a precious asset but rather as a burdensome and embarrassing liability. The new attitude was the outcome of new facts. For one thing, the value of the incidental economic profits of Oriental dominion had become relatively of less account than before in a world which had recently opened up the economic resources of Africa as well as those of the Americas.<sup>1</sup> For another thing, the toll of military, financial, and nervous effort that was exacted from a Western Power by the task of governing an Oriental people had been vastly increased owing to the infection of one Oriental people after another, through their enforced contact with the West, by the Western virus of Nationalism, which now spurred them to attain for themselves that status of parochial sovereign independence which was their Western conquerors' own cherished political fetish.<sup>2</sup> The influence of both these new facts upon British policy towards 'Irāq will be apparent

<sup>1</sup> In the Middle Eastern section of the Oriental World, the incidental economic profits had, of course, recently received a notable addition owing to the swift rise of mineral oil to the rank of a key-commodity in these latter days. At the same time, the extraction of oil from Middle Eastern oil-fields was still, throughout the post-War years, a puny affair by comparison with the scale of the oil-production industry in the New World; and the alleged unwillingness of Western concessionaires to exploit to full capacity the Middle Eastern oil-reserves over which they had acquired a lien was one of the fertile causes of dispute, at this time, between Middle Eastern countries and Western Powers (see sections (ii) (c), (iv) and (v) of this part of the present volume).

<sup>2</sup> For the strength, the intensification, and the persistence of Nationalism *alla franca* in 'Irāq during the period of British control, see the *History of the Peace Conference*, Vol. vi, pp. 184-7; the *Survey for 1925*, Vol. i, Part III, section (x); the *Survey for 1928*, Part III B, section (x); and the *Survey for 1930*, Part III, section (vi). The prevalence of this feeling among the Westernized dominant minority in the Arab population of 'Irāq had undoubtedly a powerful effect upon British policy—the more so because this feeling was not placated by the change from the original direct British administration to the indirect form of control through which Great Britain latterly discharged her mandatory responsibilities in 'Irāq. Indeed, the word 'mandate' came to be as unpopular in 'Irāq as 'protectorate' or 'colony'. The vigour of this 'Irāqī Nationalism can be traced to three causes. In the first place, the Sunni Arab community, which was the dominant element in 'Irāq, had been part of the privileged ruling class of the old Ottoman Empire, and could not reconcile itself to accepting the status of a 'subject race' or a 'native population'. In the second place, the British occupation came late in the day, when the modern Western notion of national self-determination had already spread through the Ottoman countries. In the third place, the British themselves had not merely welcomed and encouraged, but had deliberately inspired and stimulated, the sense of Arab Nationalism in 'Irāq during the War of 1914-18 as a potent weapon for use against the Turks. It is not surprising that, after the Armistice of 1918, this edged tool should have cut the hand that had forged it.

to any student of Anglo-'Irāqī relations during the years 1920-32. A conquest which had been hailed during the War of 1914-18 as an Eldorado was found, by painful experience, to be something more like a hornets' nest; and for at least ten years before His Britannic Majesty's Government in the United Kingdom informed the Secretary-General of the League of Nations, in a note of the 4th November, 1929,<sup>1</sup> of their intention to support an application from the Government of 'Irāq for admission to the League (implying a previous termination of the mandatory régime) in 1932, the cry 'Get out of Mesopotamia' had been one of the popular 'slogans' of the vulgar press in Great Britain.

If these considerations explain the British eagerness to liquidate the mandate for 'Irāq, what accounts for the hesitation of the Mandates Commission in recommending the Council of the League to accede to this British desire? The explanation is that the Mandates Commission agreed with the British Government and people in regarding the mandate as a responsibility rather than a privilege, and was anxious to make sure that a responsibility which had been deliberately assumed should not be prematurely sloughed off.<sup>2</sup> The Commission's recognition that the responsibility had been effectively and humanely discharged up to date was a tribute to the Mandatory Power's past performance, but at the same time the Commission's

<sup>1</sup> See the *Survey for 1930*, p. 321.

<sup>2</sup> The British Government's eagerness to get rid of the mandate for 'Irāq was in conspicuous contrast to the reluctance of the French Government to surrender the mandate for the Lebanon and Syria (see the *Survey for 1925*, Vol. i, Part III, section (vii); the *Survey for 1928*, Part III B, section (vii); the *Survey for 1930*, Part III, section (iv); and the present volume, section (vii) of this part below); and in this difference between the respective attitudes of the two Mandatory Powers in the Middle East there was an element of paradox, since the Lebanese (whom the French seemed even less inclined to emancipate than they were inclined to emancipate the Syrians) were certainly the most mature politically, on a Western standard, of the three Middle Eastern peoples in question, while the Syrians, in their turn, were not so immature as the 'Irāqīs. If the French pace was the right pace, then the Permanent Mandates Commission had certainly good ground for being apprehensive lest the British Government might be seeking to move too fast. In the light of the sequel, a French critic of British policy might well maintain that, in 1932, the 'Irāqīs were not yet ripe politically for shouldering, unaided, the responsibility of governing a state which contained such intractable alien minorities. The French, this critic might point out, had not made the corresponding political mistake of placing the Druse and Nusayri and Shi'i minorities in Syria prematurely under the dominion of the Sunni majority there. To this hypothetical French criticism a British apologist might be tempted to reply that the necessity for effectively protecting the minorities was a not unwelcome pretext, in French minds, for spinning the French mandate out—the French being still in that nineteenth-century state of mind in which Oriental dominion was regarded as an asset and not as the liability which it had actually come to be.

anxiety was a reflection upon the Mandatory Power's present policy. Both the tribute and the reflection were justified by the event.

By far the greatest of the many issues that were raised by the British note of the 4th November, 1929, was the question of what would happen, in a completely emancipated Kingdom of 'Irāq, to the non-Arab minorities; and in its treatment of this question the Mandatory Power—which had perhaps contrived to combine generosity with self-interest in its complacency towards 'Irāqī Arab Nationalism—was certainly open to criticism. The nineteenth-century form of cynicism would have counselled Great Britain to plead that her concern for the protection of these minorities obliged her to maintain her political ascendancy over 'Irāq *in saecula saeculorum*; the twentieth-century version of the same unedifying political outlook tempted her to plead a concern for the realization of the aspirations of 'Irāqī Arab Nationalism as a ground for dealing rather cavalierly with the problem of the non-Arab minorities' rights and needs.

The defence of a minority's rights against an aggressive majority's Nationalism, and not the defence of a subject nationality against an aggressive foreign Imperialism, was thus the cause which the Mandates Commission found itself called upon to champion; and this was a sign of the times in an age when, throughout a Westernized world, the totalitarian national state was taking the place of the multi-national empire as the standard form of parochial political organization. The Assyrians in 'Irāq were the victims of the same turn of the political wheel as the Germans in Poland or the Jews in Germany; and from the humanitarian standpoint the change was not for the better; for the subject nationalities of the old régime had not been faced with that prospect of the total suppression of their national individuality which was the prospective doom, under the new régime, of the alien minorities. This particular change for the worse was world-wide; but it was aggravated, in non-Western countries like 'Irāq, by the fact that here Nationalism itself was not a native disease but an exotic infection whose ravages were the greater inasmuch as the patients had not been inoculated against the germ. Moreover, the evils of this change were aggravated, in the Islamic World, by the fact that the recently imported Western idea of Nationality was contrary, in its essence, to the traditional *éthos* and constitution of the Islamic body social, which had gone far towards solving the problem of how people of different communities, with different social heritages, are to live in harmony together when they are geographically intermingled. The Ottoman Empire, in-

spired by the traditions of the Arab Caliphate, had accorded, as a matter of course, to the non-Muslim and non-Turkish communities within its frontiers a degree of territorial as well as cultural autonomy which had never been dreamt of in the political philosophy of the West. And in 'Irāq, which was a successor-state compacted of three Ottoman provinces, the recollection of this liberal régime—which loomed larger than the memory of occasional massacres—was one of the psychological factors that made it harder for a Hakkīyārī Assyrian than for a German Jew to reconcile himself to the status of a 'second-class citizen' in an alien national state.

For these reasons, the minorities problem overshadowed all the other problems that were raised by the liquidation of the mandatory régime in 'Irāq; and it has therefore seemed convenient to take up, from the point reached in previous volumes, the story of the relations between these minorities and the Arab National Government at Baghdad before describing the diplomatic procedure at Geneva by which the Kingdom of 'Irāq was duly emancipated from the mandatory control of Great Britain. The minorities problem, however, was not the only problem involved. Besides having to determine its position *vis-à-vis* its own non-Arab subjects, the Kingdom of 'Irāq had also to settle its relations with outside Powers: first and foremost with the United Kingdom; in the second place with the states, both non-Arab and Arab, that were 'Irāq's immediate neighbours; and in the third place with Powers like the 'Irāq Petroleum Company, which, in Middle Eastern eyes, appeared not the less formidable for being the embodiments of private economic instead of public political force. These relations between the Baghdad Government and external Powers are dealt with in this volume after the relations between Baghdad and the minorities but before the record of the procedure leading to the liquidation of the mandate and the admission of 'Irāq to membership of the League.

(b) RELATIONS BETWEEN THE ARAB NATIONAL GOVERNMENT AT BAGHDAD AND THE NON-ARAB MINORITIES IN THE KINGDOM OF 'IRĀQ AFTER THE BRITISH GOVERNMENT'S NOTIFICATION OF THE 4TH NOVEMBER, 1929

(1) *The Different Minorities and their Respective Attitudes and Aspirations*

Out of a total population of 2,849,282 with which the Kingdom of 'Irāq was credited in the census of 1920 the non-Arab minorities accounted in the aggregate for some 775,000: that is to say,

approximately 27 per cent.; but this non-Arab element was very unequally distributed between the several communities of which it was composed; and these communities differed profoundly among themselves not only in numerical strength but in religion, culture, language, institutions, occupation and relation to the country of which they were now citizens.

There was one community—the Assyrian Nestorian Christians—of whom only about a quarter were natives of the territory included within the frontiers of the Kingdom of 'Irāq as these stood at the time when 'Irāq was in process of being admitted to membership of the League of Nations (4th November, 1929—3rd October, 1932). The rest of the Assyrians that were domiciled in 'Irāq at that time were refugees who had come in, at different dates since the outbreak of the War of 1914–18, from Persia and from the territories that had remained under Turkish sovereignty.<sup>1</sup> There was another community—the Kurds—who were an arbitrarily segregated fraction of a Kurdish population which was partitioned, at this time, between the four sovereignties of 'Irāq, Persia, Turkey and Syria.<sup>2</sup> The respective Kurdish subjects of these four states were living in compact masses in contiguity with one another. There were other non-Arab communities in 'Irāq—for example, the Turks,<sup>3</sup> the Armenians, the Jews and the Bahā'is—who, like the 'Irāqī Kurds, were fragments of peoples that were spread widely over the face of the earth, but who, unlike the Kurds, were not in direct territorial contact with their kinsmen under other sovereignties. And there were other communities, again—for example, the Yazīdīs<sup>4</sup> and the Chaldaeans (i.e. the ex-Nestorian Uniate Catholics)<sup>5</sup>—who, like the Copts in Egypt, were destitute of kinsmen abroad.<sup>6</sup>

<sup>1</sup> See *Special Report on the Progress of 'Irāq during the period 1920–31* (London, 1931, H.M. Stationery Office = Colonial No. 58), p. 267; and *Report on 'Irāq for the period January to October 1932* (London, 1933, H.M. Stationery Office), p. 10.

<sup>2</sup> According to the League of Nations Commission of Inquiry (see League of Nations: *Question of the Frontier between Turkey and 'Irāq* (C. 400. M. 147. 1925. VII), pp. 57–8, and the quotation in the *Survey for 1925*, Vol. i, p. 480) which visited the Mosul vilāyet in 1925, there were about 3,000,000 Kurds in all, of whom about 1,500,000 were in Turkey, about 700,000 in Persia, about 500,000 in the disputed area (approximately coincident with the Mosul vilāyet) which was eventually awarded to 'Irāq, and the rest in Syria. The Kurdish element in Syria was subsequently reinforced by refugees from Turkey (*Survey for 1928*, pp. 335–6).

<sup>3</sup> See the *Survey for 1925*, Vol. i, p. 476.

<sup>4</sup> *Op. cit.*, pp. 476–7.

<sup>5</sup> *Op. cit.*, p. 477.

<sup>6</sup> The question whether the Yazīdīs would continue to be united politically under the sovereignty of 'Irāq depended on whether the Jabal Sinjār was to

In habitat and occupation, the Jews, Armenians, and Chaldaeans were townspeople engaged in trade, while the Nestorians, Yazīdīs, and a considerable portion of the Kurds were highlanders.<sup>1</sup> Of the Kurds, again, some were cultivators of the soil while others were nomadic herdsmen who were accustomed to migrate twice a year between their summer and their winter pastures; and there was at least one large 'Irāqī Kurdish tribe, the Jāf, whose summer pastures lay on the Persian side of the 'Irāqī-Persian frontier.<sup>2</sup> In the matter of institutions, these nomadic Kurds were living under a primitive tribal dispensation, and many of the sedentary Kurds under a feudal régime, while there were other Kurds, again, whose social conditions were not so different from those of the rural population of a modern Western state.

The native speech of all these minorities was some non-Arabic language; but this negative description covers a babel of tongues. While the urban Christians were mostly bilingual—speaking Arabic as well as their own national idiom—the Assyrians spoke a Syriac dialect which was a non-Arabic member of the Semitic family; the Turks spoke a dialect of Western Turkish which was hardly distinguishable from 'Osmanli; and the Kurds and Yazīdīs spoke a West-Iranian dialect—of the Indo-European family—which was subdivided into as many local varieties as there were tribes and valleys, and which had not yet been stabilized or standardized by the process of being used as a vehicle for literature.

In religion, again, the divisions were not less numerous or profound. The 'Irāqī Kurds and Turks were Sunnī Muslims; the Assyrians, Chaldaeans and Armenians were Christians of three different denominations; while the Yazīdīs and the Bahā'īs each held peculiar religious tenets of their own.

If all these minorities had reacted equally unfavourably to the political emancipation of the Kingdom of 'Irāq, the Arab National Government at Baghdad might have found itself in a difficult predicament—though, even then, it would almost certainly never have had to reckon with the concerted action of a non-Arab *bloc*. As it turned out, the Government found little difficulty in arriving at an

be assigned *in toto* to 'Irāq or was to be partitioned between 'Irāq and Syria (see section (viii) below).

<sup>1</sup> For the physiographical and climatic contrast between the Basrah and Baghdad vilāyets on the one hand and the Mosul vilāyet on the other, and for the various zones of which the Mosul vilāyet consisted, see the *Survey for 1925*, Vol. i, p. 474-6.

<sup>2</sup> See *Report on 'Irāq for the year 1931* (London, 1932, H.M. Stationery Office = Colonial No. 74), p. 32.



understanding with the weaker non-Arab communities, so that in practice the 'Irāqī minorities problem, during the period under review, meant the dual problem of the Kurds and the Assyrians.

Before dealing in detail with the Baghdad Government's relations with these two communities, it may be well to mention that the Arab authorities exerted themselves, during these critical years, to establish and maintain contact with all the non-Arab minorities alike. A tour of the Kurdish districts of 'Irāq was made by the Heir Apparent to the throne, the Amīr Ghāzi, in the early summer of 1930;<sup>1</sup> and in the August of the same year, after the publication of the Anglo-'Irāqī Treaty of the 30th June, 1930, this visit was followed up by a joint tour in which the Acting Prime Minister of 'Irāq and the Acting British High Commissioner each made a statement to the local Kurdish notables at the three administrative centres Arbīl, Kirkūk, and Sulaymānīyah.<sup>2</sup> In May 1931 a similar tour through the four northern liwās of Kirkūk, Sulaymānīyah, Arbīl and Mosul was made by the 'Irāqī Minister for the Interior, Muzāhim Beg al-Pāchāchī; King Faysal himself made a ten days' tour of the same districts less than a month later; and the king was followed at the beginning of August by the Prime Minister, Nūrī Pasha as-Sa'id, who had just been attending the June meeting of the Permanent Mandates Commission and who now, on his provincial tour, 'especially studied the minority questions in the light of the views of the League with which he had become acquainted at Geneva'.<sup>3</sup> Meanwhile, during the April and May of the same year, the British High Commissioner had 'paid five visits to the north for the purpose of personal inquiries into minority questions'.<sup>4</sup>

These efforts bore fruit, in the year 1931, in a good understanding between the Baghdad Government and the Holy See,<sup>5</sup> and in the enactment of two laws<sup>6</sup> setting up Communal Spiritual Councils for the Jewish and for the Armenian Monophysite community respectively in pursuance of Article 75 of the 'Irāqī Constitution of the 10th July, 1924.<sup>7</sup> In the same year an attempt was made by the

<sup>1</sup> Text of a petition handed to him by the municipality of Sulaymānīyah in *Oriente Moderno*, August 1930, pp. 379-80.

<sup>2</sup> *Report 1920-31*, p. 264; texts of the two statements *ibid.*, Appendix N, pp. 327-9. <sup>3</sup> *Report 1931*, p. 16. <sup>4</sup> *Op. cit.*, *loc. cit.*

<sup>5</sup> See the texts of a speech delivered by Muzāhim Beg al-Pāchāchī at Mosul on the 10th May, 1931, and of a letter addressed to him on the 4th August, 1931, as a result of this speech, by the Apostolic Delegate in Mesopotamia (*Report 1931*, Appendix A (1) and (2)).

<sup>6</sup> Texts *ibid.*, Appendix G (1) and (2), pp. 80-7.

<sup>7</sup> The texts of Article 75 and the other relevant articles of the Constitution will be found in *Report 1920-31*, pp. 281-2. These Spiritual Councils for the

'Irāqī authorities to draft a corresponding law for the much more primitive Yazīdī community; but, down to the time of writing, this attempt had been frustrated by the very internal dissensions which had made the regulation of the Yazīdis' affairs a matter of some urgency.<sup>1</sup> There does not, however, appear to have been any ill feeling between the Yazīdis and the Government; and the latter might have been able to report, by the end of the year 1931, that they had placed their relations with all the lesser minorities upon a satisfactory footing—but for one incident in which the victim was the weakest and least militant of all the minority communities in 'Irāq: the Bahā'is.<sup>2</sup>

Jewish community and the several Christian communities in 'Irāq were to correspond to the Shara' organization of the Muslim community, and were to have conferred upon them, by a special law of the 'Irāqī Kingdom, a jurisdiction in matters of personal statute. Pending the enactment of special laws for each community, the old Ottoman law on the subject was left in force. Thus, in 'Irāq, some measure of the liberality of the traditional Islamic *millet* system survived the metamorphosis of the country into a sovereign national state on the Western pattern.

<sup>1</sup> See *Report 1931*, p. 20, and *Report 1932*, pp. 5 and 6. 'Throughout 1931 there was a marked restlessness among the Yazīdis of the Jabal Sinjār. The basic cause was dissatisfaction with the management of the revenues collected by their religious head or Mīr, Sa'id Beg, and with his immoral private life. In October 1931 the local authorities of the Mosul liwā gathered together a committee of Yazīdī chiefs, lay and spiritual, and endeavoured to obtain from them rulings on a number of questions concerning the religious and social organization of the community. It was hoped with the help of this information to draw up a law regulating Yazīdī affairs similar to those which had already been enacted for other religious communities. The committee's replies were by no means helpful. For example, they gave the opinion that there was no way of deposing an unsatisfactory Mīr except by assassinating him. Nevertheless, the Mutasarrif and the Administrative Inspector set about their difficult task of framing a law which would give legal sanction to the more civilized of the accepted customs of the community. In the meanwhile, the leaders of the anti-Sa'id Beg faction took matters into their own hands and set up a rival Mīr, whom they installed in the Sinjār. The Government refrained from intervention and were content to watch the situation and to warn all concerned that they would permit no breach of the peace. Their attitude was soon justified by later events. The Sinjār Yazīdis quickly tired of their new Mīr, and before the summer of 1932 had passed three other rival claimants had come forward, each appealing for official support for his candidature. Many conflicting petitions from the different groups were also addressed to the High Commissioner, and the internal affairs of the community were still in a somewhat chaotic state at the end of the year. The 'Irāqī Government continued to await a favourable opportunity to provide them with the means better to regulate their affairs, but it is doubtful if the chiefs really desire this to be done.'

<sup>2</sup> The facts stated in the next paragraph are given on the authority of a petition, dated the 11th September, 1928, to the Permanent Mandates Commission from the National Spiritual Assembly of the Bahā'is of 'Irāq, and a memorandum containing comments on the petition on the part of the British Government, both of which are summarized in a Report to the

The founder of the Bahā'ī Church, Bahā'u'llāh, had settled in Baghdad in 1852, after having been driven out of Persia, and he had lived there for eleven years in certain houses which had eventually become his property and had been inherited by his son 'Abdu'l-Bahā. These houses had become sacred in the eyes of the Bahā'ī community, but, 'in view of the lack of security which prevailed under the former system of government and the constant hostility of the Shī'ah, Bahā'u'llāh decided never to reveal his ownership of the dwelling-houses in question, which to all appearance remained the property of one of his disciples; and for the same reasons the sect abstained from using these dwellings for the exercise of their religion, thus refraining from drawing attention to the sacred character which they attached to this property. Matters remained in this condition until, with the establishment of the British mandate, the liberty of conscience and religion proclaimed in the Covenant of the League of Nations was confirmed in 'Irāq by the Treaty of 1922 with Great Britain and later by the Organic Law of 'Irāq. Taking advantage of a security which they had never known before, the Bahā'īs, under the direction of 'Abdu'l-Bahā, henceforth the leader of their movement, set about putting into repair the dwellings sanctified by the residence of Bahā'u'llāh, with a view to the open exercise of their religion.' Unhappily the Bahā'īs' newly fledged confidence was premature; for the quarter of Baghdad in which these houses lay was inhabited by fanatical Shī'īs; and in 'Irāq, where Bahā'u'llāh had taken refuge, as in Persia, which was his native land, the Shī'ah were the implacable enemies of the new church of which he was the founder. The Bahā'īs had no sooner revealed their sentiment for the houses in question than the Shī'ī community in Baghdad set itself to wrest the property out of its lawful owners' hands; and, by threatening a disturbance of the public peace, they prevailed upon King Faysal to give an illegal personal order to the Governor of Baghdad to evict the Bahā'īs from the houses, and to confiscate the keys, at a moment when an application which had been brought by the Shī'ī Qādi before the Peace Court at Baghdad was still *sub judice*. Thereafter, the Peace Court gave judgment in the Bahā'īs' favour; whereupon the Council of Ministers, with the king's approval, instructed the Governor not to surrender the keys to the Bahā'īs—these instructions being given in the teeth of a protest from the British High Commissioner. After this, 'the case passed from court

Commission, drafted by one of its members, Monsieur Orts, which is printed as Annex 13 to the Minutes of the Commission's Fourteenth Session (October-November, 1928).

to court and was finally brought before the Court of Appeal at Baghdad, which, by a majority of four (the native members) to one (the British Presiding Justice), decided in favour of the plaintiffs (the Shī'ah)'. This judgment was pronounced by the Mandatory Power—in the comments on the Bahā'ī petition which it submitted to the Permanent Mandates Commission—to be not only unsustainable and contrary to law, but also to be under suspicion of having been influenced by political considerations.

When these facts came before the Permanent Mandates Commission during their fourteenth session in the autumn of 1928, they recommended the Council, in their report, to 'ask the British Government to make representations to the 'Irāq Government with a view to the immediate redress of the denial of justice from which the petitioners had suffered'.<sup>1</sup> This recommendation was duly approved by the Council on the 4th March, 1929, but unhappily the British Government had remained unsuccessful, in their attempts to give effect to it, down to as late as the 5th November, 1932, when the case came before the Permanent Mandates Commission for the last time, nearly a month after the admission of 'Irāq to membership of the League. In its report to the Council on its work during this twenty-second session, the Commission had again to declare that the miscarriage of justice remained unredressed.<sup>2</sup> Twelve months before that, on the 2nd November, 1931, the British High Commissioner in 'Irāq, Sir Francis Humphrys, acting as the accredited representative of the Mandatory Power, had had to report that no solution had been found as a result of 'over a hundred consultations with the King [of 'Irāq], the Prime Minister, legal advisers, &c.'<sup>3</sup> There was no legal procedure for reversing a judgment by which the property in dispute had been awarded to the Shī'ī community by the Supreme Court of the Kingdom of 'Irāq, and there was no prospect of obtaining a majority in the Parliament at Baghdad for a bill to override the court's award. The utmost concession that the British Government were able to obtain from the 'Irāqī Government was that the Bahā'ī houses should be expropriated by the state—the compensation being payable not to the Bahā'ī community but to the Shī'ī community to whom the property had been awarded by the court<sup>4</sup>—and that they should then be set apart for public utility purposes. This arrangement

<sup>1</sup> Minutes of the Fourteenth Session of the Permanent Mandates Commission, p. 276.

<sup>2</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 363.

<sup>3</sup> Minutes of the Twenty-First Session of the Permanent Mandates Commission, p. 98.

<sup>4</sup> *Op. cit.*, loc. cit.

was accepted by the Bahā'is, who 'were, by their religion, tenets, and character, of an extremely conciliatory disposition', and who 'reluctantly agreed to a solution which they themselves did not regard as just'.<sup>1</sup> Moreover, in January 1932, 'the 'Irāqī Government indicated that action by them with regard to the expropriation of the land on which the Bahā'ī houses stood must depend upon the execution of an ambitious town-planning scheme, which included the area in which the houses were situated'.<sup>2</sup> This was still the position on the 3rd October, 1932,<sup>3</sup> when the mandatory régime was liquidated; and the facts, as here set forth, do not appear to have been contested by the 'Irāqī Government.

This affair was particularly deplorable in as much as the Bahā'is were a small and weak community which could not under any circumstances have menaced the security of the 'Irāqī state, even if its members had not been bound by their religious tenets to be good citizens. If the Bahā'is were the victims of so flagrant an injustice before 'Irāq was emancipated from British mandatory control, it seemed unlikely that the Chaldaeans, Armenians, Jews, and other weak minorities could depend upon either the moral courage or even the good will of a completely sovereign and independent 'Irāqī Government in the event of their becoming targets for the animus of one or other of the dominant communities in the country. In the case of the Bahā'is, the pressure of the Shi'ī Arab community in 'Irāq had prevailed upon the highest executive and judicial authorities in the kingdom to fly in the face of the British Government and of the League of Nations in persisting in a course of action which they must have known to be morally indefensible from first to last.

## (2) *Relations between the Government and the Kurds*

No portion of Kurdistan had ever proved easy to govern for any Government of any kind; and the traditional Kurdish tribal, feudal and religious unrest was part of the local heritage which the 'Irāqī Arab National Government at Baghdad took over from the former Ottoman Empire as a result of the British military occupation of the Mosul vilāyet in 1918, the League Council's award of the 16th December, 1925, and the Anglo-'Irāqī-Turkish Treaty of the 5th June, 1926.<sup>4</sup> This ancient turbulence of a primitive and partly

<sup>1</sup> Monsieur Rappard at the meeting of the Permanent Mandates Commission on the 5th November, 1932 (Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 42).

<sup>2</sup> *Report 1932*, p. 10.

<sup>3</sup> *Op. cit.*, *loc. cit.*

<sup>4</sup> See the *Survey for 1925*, Vol. i, Part III, section (xi).

nomadic population of highlanders was aggravated, under the new régime, by the incipient influence upon 'Irāqī Kurdish minds of the modern Western political idea of Nationality; and these new-fangled Southern Kurdish national aspirations were stimulated by the inexact notion which the Kurdish inhabitants of the Mosul vilāyet had obtained of the recommendations of the Commission of Inquiry which had been sent to the province by the League of Nations in 1925.<sup>1</sup>

On the general question of their claim to a right of national self-determination, the 'Irāqī Kurds—or, rather, the small section of them that had begun to think in Western terms<sup>2</sup>—seem to have felt that, on *a priori* grounds, their case was as good as that of the 'Irāqī Arabs.<sup>3</sup> If the Arabs of 'Irāq were a former subject nationality which had been liberated from an Ottoman domination as a result of the General War of 1914–18, the Kurds of 'Irāq were in no different position. If the Kurds were divided among themselves by differences of economic occupation, cultural level and tribal or feudal allegiance, so were the Arabs. The difference between a nomadic highlander Kurd of the Jāf tribe and an urban lowland Kurdish citizen of Kirkūk was no greater than that which separated an Arab citizen of Baghdad or Basrah from the 'web-footed' Arab marshmen of the Basrah-'Amārah-Nāsiriyyah triangle. And if the Arabs could contrast the uniformity of their 'Irāqī Arab speech with the diversity of the 'Irāqī Kurdish dialects, the Kurds might retort that, in the field of religion, it was the Kurds who were united in the uniformity of their common Sunnī faith, whereas the 'Irāqī Arabs were divided against themselves by their partition between the Shī'ah and the Sunnah. On this showing, if the 'Irāqī Arabs were considered ripe for the enjoyment of national self-determination, on what ground could the

<sup>1</sup> For these recommendations see *op. cit.*, pp. 505–7.

<sup>2</sup> This Kurdish *intelligentsia* was so far very small in numbers, and was indeed hardly to be found anywhere in Southern Kurdistan outside Sulaymāniyah.

<sup>3</sup> This *a priori* Kurdish claim had, indeed, been publicly conceded, at the time of the Peace Settlement after the War of 1914–18, by the principal Allied Powers. In the Anglo-French declaration of the 7th November, 1918, to the inhabitants of the Ottoman territories which were then under British and French military occupation, the promise of self-determination which the document conveyed was implicitly addressed to the Kurds no less than to the Arabs (see the *History of the Peace Conference*, Vol. vi, pp. 140–1). Again, in the abortive Peace Treaty of Sèvres between the Allied Powers and Turkey, provision was made for the possibility that a local application of the principle of self-determination might call into existence an independent Kurdish state comprising the Kurdish territories which were eventually acquired by 'Irāq, as well as some of those which were eventually retained by Turkey (Treaty of Sèvres, Arts. 62–4).

Kurds be disqualified from applying for the same privilege? And if the argument were to be reduced *ad hominem*, and the 'Irāqī Arab claim were to be supported on the ground that the 'Irāqī Arabs could muster a sufficient number of men with a Westernized 'Osmanli training to staff an independent Government, the Kurdish community in 'Irāq could show a certain (though possibly not a proportionate) number of members of the same calibre. For example, an historic feudal house of Southern Kurdistan was represented in Nūrī Pasha as-Sa'id's ministry at Baghdad (which held office from the 23rd March, 1930, to the 3rd November, 1932) in the person of the Minister of Justice, Jamāl Beg Bābān.<sup>1</sup> At the time of writing, in the year 1935, it remained to be seen whether a Kurdish national movement, inspired by such considerations as these, would eventually come to animate the hitherto un-Westernized rank and file of the Kurdish population in 'Irāq, or whether this minority would settle down, like the Welsh in Great Britain, to live its life within the framework of the kingdom in which it now found itself included *de jure* as well as *de facto*.

The particular question of the rights which had been assured to the 'Irāqī Kurds by the League of Nations, in the Mosul settlement of 1925, did not come up until after the British Government's notification, on the 4th November, 1929, of its intention to work for a liquidation of the mandatory régime in 'Irāq by the year 1932. Before dealing with the Kurdish reaction to this new departure in British policy, it may be convenient to pick up the threads of the history of Kurdish Nationalism and Kurdish unrest within the frontiers of 'Irāq from the point at which they have been let fall in the narrative that has been given in the first volume of the *Survey for 1925*.<sup>2</sup>

In the history of Southern Kurdistan, the four years that passed between the League Council's award of the 16th December, 1925, and the British Government's notification of the 4th November, 1929, were years of comparative quiescence. In the previous volume above-

<sup>1</sup> Thereafter, Jamāl Beg's cousin Jalāl served as Minister of Defence in a Government formed by Rashid 'Alī Beg al-Gilāni on the 30th March, 1933. It was customary at Baghdad to assign one ministerial portfolio to a Kurd as a token that the Kurdish element in 'Irāq was not unrepresented in the Government of the country. The Kurdish grandees who were selected to be the recipients of this honour were, however, scarcely representative, in reality, of the contemporary state of 'Irāqī Kurdish feeling and opinion.

<sup>2</sup> The following narrative is mainly based on the British Government's reports on 'Irāq for the years 1930 and 1931 and for the first ten months of 1932, and on the *Special Report on the Progress of 'Irāq during the period 1920-31*. (N.B.—The Kurdish sections of the special report and of the report for 1930 coincide to a large extent.)

mentioned, the narrative has been carried down to the reoccupation of Sulaymānīyah by the British and 'Irāqī forces in July 1924—a success which left Shaykh Mahmūd Barzānjī, the moving spirit of insurgency in the Sulaymānīyah district, still uncaptured and unsubdued, though he was now confined to one corner of the district in the neighbourhood of the Persian frontier.<sup>1</sup> Thereafter, Shaykh Mahmūd's power dwindled until in October 1926 he consented to hear the 'Irāqī Government's terms from the lips of the British adviser to the Ministry of the Interior; and he accepted these terms in June 1927, after the reoccupation of the Panjvīn area by the British and 'Irāqī forces in April. The terms were that the Shaykh should have his estates restored to him on condition that he lived outside 'Irāq and abstained from all interference in the politics either of the Sulaymānīyah district or of any other portion of the kingdom. This settlement was followed by a marked improvement in the security and prosperity of the Sulaymānīyah district, which had been the last of the Kurdish liwās of the Kingdom of 'Irāq to be pacified.

Meanwhile, in March 1926, in pursuance of the Council's award of the 16th December, 1925,<sup>2</sup> 'the British Government presented to the Council a memorandum and appendices detailing the measures adopted by the 'Irāqī Government for the administration of the Kurdish districts of 'Irāq, and these were passed to the Permanent Mandates Commission, who at their tenth session noted in their observations that "according to these documents the Government of 'Irāq in agreement with the British Government has carried out the policy recommended by the Mosul Commission".<sup>3</sup> In anticipation of this, the Prime Minister of 'Irāq had declared, on the 21st January, 1926, in the Chamber of Deputies at Baghdad, that the 'Irāqī officials in the Kurdish districts of 'Irāq should be Kurds, and that the local language of the administration and the schools should be Kurdish; and he had drawn the attention of all the members of his Cabinet to this pronouncement, with the request that they should put it into effect in their respective departments.

'All the Kurdish areas took part in the general election of May 1928, returning sixteen out of the eighty-eight Deputies. There were no disturbances at the election and no lack of Kurds willing to be candidates. . . . In February 1929, however, six of the Kurdish Deputies

<sup>1</sup> *Survey for 1925*, Vol. i, p. 490.

<sup>2</sup> The passage in the award which deals with the question of guarantees for the Kurdish population in the territory assigned to 'Irāq is quoted in the *Survey for 1925*, Vol. i, pp. 520-1.

<sup>3</sup> *Special Report 1920-31*, p. 259. Text of memorandum in *League of Nations Official Journal*, April 1926, pp. 552-3.



in the Chamber<sup>1</sup> addressed a petition to the Prime Minister complaining that the 'Irāqī Government were not properly carrying out the recommendations of the League in regard to the administration of the Kurdish areas and asking for:

'(1) Increased expenditure on Kurdish education.

'(2) The formation of a special Kurdish administrative unit to comprise the liwās of Sulaymānīyah, Arbīl, Kirkūk, and a new liwā to be formed from the Kurdish qadās of the Mosul liwā. This unit to be governed by a Kurdish Inspector-General who was to be the sole link between this area and the Central Government at Baghdad.

'(3) Increased expenditure on public services in the Kurdish areas.

'The Prime Minister consulted the High Commissioner as to the response to be made to this petition, and both were agreed that it would be inadvisable to create the new administrative unit since, apart from the serious administrative difficulties which such a scheme would create, it would tend towards separation rather than towards that unity of all the communities of 'Irāq which should be the objective of policy both in the interests of the 'Irāqī State and of the Kurds themselves.'<sup>2</sup>

This insistence upon the retention of traditional administrative divisions which had no relation to living linguistic facts was reminiscent of the policy of the defunct Austrian Imperial Government, which, on the 16th October, 1918, on the eve of their own dissolution, went the length of offering the non-German nationalities under their rule a measure of political and administrative self-expression within the existing boundaries of the traditional *Kronländer*,<sup>3</sup> but perished rather than consent to a remapping of their territory into consolidated Czech, Slovene, Italian, German, Polish and Ukrainian national units. National self-expression within arbitrary administrative boundaries was hardly a solution that a nationality which was awakening to self-consciousness could be expected to accept in perpetuity; yet the 'Irāqī Government's rejection of the 'Irāqī Kurds' demand for the creation of a single consolidated Kurdish administrative unit within the frontiers of 'Irāq might not have been followed at once by a fresh outbreak of Kurdish political unrest if the British Government had not, before the end of 1929, made public

<sup>1</sup> One of the signatories was Jamāl Beg Bābān, who became Minister of Justice in the Government at Baghdad on the 23rd March, 1930.—A. J. T.

<sup>2</sup> *Special Report 1920-31*, pp. 260-2.

<sup>3</sup> See the *History of the Peace Conference of Paris*, Vol. iv, pp. 101-2.

their decision to work for the liquidation of the mandatory régime in 'Irāq by the year 1932.

That this decision would give rise to serious political difficulties was a prospect which was foreshadowed in the report of the League of Nations Commission of Inquiry which had visited the Mosul vilāyet in 1925. In reporting that 'the desires expressed by the population' of the vilāyet were 'more in favour of 'Irāq than of Turkey', the Commission had warned the Council of the League that

the attitude of most of the people was influenced by the desire for effective support under the mandate, and by economic considerations, rather than by any feeling of solidarity with the Arab kingdom; if these two factors had carried no weight with the persons consulted, it is probable that the majority of them would have preferred to return to Turkey rather than to be attached to 'Irāq.<sup>1</sup>

This view of the state of opinion in the Mosul vilāyet was confirmed, and at the same time endorsed by the Commission itself, in the Commission's 'final conclusions'.

The Commission is convinced that if the League of Nations' control were to terminate on the expiry of the four-years' Treaty now in force between Great Britain and 'Irāq, and if certain guarantees of local administration were not to be given to the Kurds, the majority of the people would have preferred Turkish to Arab sovereignty. The Commission is also convinced that the advantages of the union of the disputed territory with 'Irāq would in that case be exchanged for very serious political difficulties and considers that, under those circumstances, it would be more advantageous for the territory to remain under the sovereignty of Turkey, whose internal conditions and external political situation are incomparably more stable than those of 'Irāq.<sup>2</sup>

In the light of the Commission's report, the Council had included among the three conditions which it attached to its award of the Mosul vilāyet to 'Irāq the stipulation that the British Government should make a new treaty with 'Irāq to ensure the continuance, for twenty-five years, of the existing mandatory régime.<sup>3</sup> It is true that the Council had conditioned this condition by providing for its abrogation in the event of 'Irāq being admitted to membership of the League before the expiration of the twenty-five years' period; and that therefore the method by which the British Government

<sup>1</sup> *Report of the Commission of Inquiry* (C. 400. M. 147. 1925. VII), p. 88, quoted in the *Survey for 1925*, Vol. i, p. 506.

<sup>2</sup> *Report of the Commission of Inquiry*, pp. 88-9, quoted in the *Survey for 1925*, Vol. i, p. 507.

<sup>3</sup> The text of this condition will be found in the *Survey for 1925*, Vol. i, p. 520.

were proposing to liquidate the mandatory régime, eighteen years before the stipulated period was due to expire, was juridically quite in order. It is manifest, nevertheless, that the British Government's new departure in policy in 1929 gave the 'Irāqī Kurds some ground for feeling that they were being cheated of the expectations which they had been encouraged to entertain in 1925. At any rate, 'their uneasiness at once became apparent, and fears were expressed that after the withdrawal of British influence the Kurds would no longer enjoy the privileges recommended for them by the League. In February 1930, a Kurdish Deputy asked whether the rights of the Kurdish areas referred to in the report of the Boundary Commission of the League of Nations would be safeguarded in the new treaty which was about to be concluded with the British Government. This was the question uppermost in most Kurdish minds. They wanted guarantees for the future.'<sup>1</sup> These Kurdish anxieties were accentuated when the text of the Anglo-'Irāqī Treaty of the 30th June, 1930, was eventually published, since the two contracting parties had agreed in taking the view that 'the essential character of the new treaty, an alliance between independent states, made it impossible to include in it any such safeguards as might perhaps have allayed Kurdish apprehensions'.<sup>2</sup> The consequent agitation of Kurdish minds expressed itself partly in the presentation of petitions to the League of Nations, and partly in local disturbances of the peace.

A disturbance of the peace occurred at Sulaymāniyah on the 6th September, 1930, on the occasion of the general election of that year, in contrast to the undisturbed conduct of the general election of 1928 in the same region. On this later occasion there were fifty-one casualties, all told, among the police, the troops, and the rioters, and fifteen of the casualties were fatal;<sup>3</sup> but the elections were successfully held in the Sulaymāniyah district after a little more than a week's delay, and in the other Kurdish districts of 'Irāq they were carried out without incident.

In September 1930 Shaykh Mahmūd—ignoring a warning that had been addressed to him early in the month by the 'Irāqī Government, when his preparations had come to their knowledge—invaded 'Irāq, from his place of exile in Persian territory, at the head of an armed band, and held his own, on 'Irāqī soil, against the 'Irāqī police and military forces, and against the British Air Force, until he found himself compelled to recross the frontier and retire to his Persian lair on the 20th April, 1931. Thereafter, an arrangement between the

<sup>1</sup> *Special Report 1920-31*, p. 262.

<sup>2</sup> *Op. cit.*, *loc. cit.*

<sup>3</sup> For details, see *Special Report 1920-31*, p. 265.

Persian and 'Irāqī Governments for combined operations against Shaykh Mahmūd and a Persian Kurdish brother-outlaw of his, who had established himself on the 'Irāqī side of the frontier, brought Shaykh Mahmūd to terms, and he surrendered to the 'Irāqī Government on the understanding that he should live under surveillance on a Government allowance. He was sent to live at Nāsiriyyah.<sup>1</sup>

In 1931-2 the peace of Southern Kurdistan was disturbed afresh by a private war—which apparently had nothing to do with any events at Baghdad or London or Geneva—between Shaykh Ahmad of Barzān and Shaykh Rashīd of Baradost. The occasion of this war was said to have been the temporary conversion of Shaykh Ahmad from Islam to Christianity—an event which the convert was reported to have celebrated, to the scandal of his unconverted neighbours, by breaking the taboo upon eating swine's flesh. When the 'Irāqī Army intervened on behalf of the king's peace in the difficult mountain country which had once been trodden and retrodden by the soldiers of Assyrian war-lords on countless similar errands, Shaykh Ahmad inflicted a reverse upon the punitive expedition on the 9th December, 1931, and the British Air Force had to come to the rescue. Combined operations against Shaykh Ahmad, in the air and on the ground, were resumed in March 1932—after the peace-breaker had turned a deaf ear to a summons to surrender—and in this second campaign another and more serious reverse was sustained by the 'Irāqī Army. On this occasion, an 'Irāqī column was only saved from annihilation by the intervention of the British air arm; the whole 'Irāqī Army was so badly shaken that it was unfit for further active service; and the campaign had to be finished off by the British Air Force single-handed. In these circumstances, the villages and encampments of the recalcitrant Kurdish tribesmen were bombed intensively and persistently from the air until Shaykh Ahmad eventually crossed the 'Irāqī-Turkish frontier on the 20th June, 1932, and surrendered to the Turkish authorities. The Shaykh and his brothers were interned in the interior of Turkey; the majority of his followers were allowed to return to their homes in 'Irāq.<sup>2</sup> A similar punitive expedition, on a smaller scale, was successfully carried out in September 1932

<sup>1</sup> For this latest adventure of Shaykh Mahmūd, see *Special Report 1920-31*, pp. 265-6, and *Report 1931*, pp. 17-18; *The Times*, 7th and 21st May, 1931. Since Nāsiriyyah was a hot and unhealthy place of residence for a Kurdish highlander, Shaykh Mahmūd was allowed to move first to Hillah, then to Ramādī, and finally to Baghdad.

<sup>2</sup> A number of them were put to death by the Turkish authorities, who accused them of having participated in the Kurdish insurrection which had occurred in Turkey in 1925 under the leadership of Shaykh Sa'id (see the *Survey for 1925*, Vol. i, pp. 507-11).

against Shaykh Shahāb of the Surchī tribe in the neighbourhood of 'Aqrah.<sup>1</sup>

It will be seen that these Kurdish breaches of the peace in the years 1930-2 were by no means so serious as those with which the British and 'Irāqī Governments had had to deal between 1918 and 1927. On the other hand, the political retort of the Kurds to the British Government's new policy of rapidly liquidating the mandatory régime in 'Irāq was more positive than any action of the kind that the Southern Kurds had previously taken.

In a petition dated the 26th July, 1930, which was addressed to the League of Nations by ten Kurdish notables of the Sulaymāniyah district,<sup>2</sup> the signatories demanded the 'formation of a Kurdish Government under supervision of League of Nations' in the event of the mandatory régime in 'Irāq being brought to an end; and they based their demand on the ground that they were entitled to independence, in this event, in virtue of the conditions which the League Council had attached to its award of the 16th December, 1925. The Acting Prime Minister of 'Irāq, in a letter of the 19th August, 1930,<sup>3</sup> and the British Government, in observations dated the 29th October, 1930,<sup>4</sup> both pointed out that the petitioners were mistaken in their belief that the Council's conditions to which they referred contained the provision that they imagined; and the petition was dealt with as follows in the Permanent Mandates Commission's report to the Council of the League on the work of its nineteenth session:

Whereas no decision of the League of Nations can be cited in justification of the petitioners' demand for the establishment of a Kurdish Government under the supervision of the League of Nations;

And whereas such a demand has no foundation in the acts of the Council of the League of Nations, and is only explicable by a completely erroneous interpretation of the decisions reached by the Council on the 16th December, 1925, when the area in which the petitioners live was assigned to 'Irāq;

And whereas those decisions provided for special treatment for the Kurds, which treatment, according to the latest information in the possession of the Mandatory Power, is not fully secured, and for certain

<sup>1</sup> For details of the operations against Shaykh Ahmad and Shaykh Shahāb, see *Report 1931*, pp. 13-14, and *Report 1932*, pp. 2-5; *The Times*, 20th June, 1932.

<sup>2</sup> Text in Minutes of the Nineteenth Session of the Permanent Mandates Commission, pp. 184-5.

<sup>3</sup> Text in *op. cit.*, pp. 188-9, and in *Special Report 1920-31*, pp. 329-31.

<sup>4</sup> Text in Minutes of the Nineteenth Session of the Permanent Mandates Commission, pp. 185-7.

guarantees of local administration which do not seem yet to have been furnished ;

The Permanent Mandates Commission decides to recommend to the Council:

(1) To reject the petition of the Kurdish notables so far as it aims at the formation of a Kurdish Government under the supervision of the League of Nations ;

(2) To request the Mandatory Power to see that the legislative and administrative measures designed to secure for the Kurds the position to which they are entitled are promptly put into effect and properly enforced ;

(3) To consider the advisability of providing for measures to guarantee to the Kurds the maintenance of such position, should 'Irāq be finally emancipated from the trusteeship of Great Britain.<sup>1</sup>

Eight further Kurdish petitions, ranging in date from the 24th August, 1930, to the 19th April, 1931, came under the consideration of the Mandates Commission during their twentieth session in June 1931, and the following recommendations were made on them by the Commission to the League Council:

(1) To thank the Mandatory Power for the care with which it has carried out its inquiries on the spot and prepared its observations arising out of these various petitions ;

(2) To request the Mandatory Power to impress upon the Government of 'Irāq that it should be guided, in its dealings with its Kurdish subjects, by a spirit of broad toleration towards a minority worthy of respect, whose loyalty will grow in proportion as it is freed from all fear of danger to its natural rights, as explicitly recognized by the Mandatory Power and the League of Nations ;

(3) To inform the petitioners that the League of Nations will continue to ensure that their rights are respected with all the greater zeal and sympathy if it is convinced that the Kurds are loyally contributing to the security and prosperity of the State of 'Irāq ;

(4) To give its closest attention to the uneasiness undoubtedly prevalent in the Kurdish population, which is caused by uncertainty as to the fate which awaits them if the moral protection of Great Britain, of which they have had the benefit for more than ten years, is to be withdrawn.<sup>2</sup>

In the meantime, the 'Irāqī Government, in consultation with the British Government, had been taking steps to allay Kurdish anxieties by constructive measures since the time when these anxieties had become apparent in the course of the year 1930.

The position, up to date, was presented as follows in the British

<sup>1</sup> Text in *op. cit.*, p. 194.

<sup>2</sup> Text in Minutes of the Twentieth Session of the Permanent Mandates Commission, p. 234.

Government's observations<sup>1</sup> on the Kurdish petition of the 26th July, 1930:

This petition contains a statement that the majority of the administrative and executive officials of the Kurdish districts are Arabs. Actually, in the Sulaymānīyah district, from which the petitioners write, according to the latest available return dated last April, of a total of 157 officials, 109 are Kurds and 12 only are Arabs. It is true that, in the other Kurdish districts, so high a proportion of Kurdish officials is not maintained, but of the officials of non-Kurdish race a considerable number are Kurdish-speaking, are indigenous to the Kurdish districts and are scarcely distinguishable from the Kurds whom they administer. While, however, the statement that Arab officials are in the majority in the Kurdish areas is without foundation, His Majesty's Government are advised that there has been recently some increase in the number of officials of non-Kurdish race. To some extent this has been unavoidable. With the expansion of technical services throughout 'Irāq it has become increasingly difficult to find suitable and qualified Kurds to staff those services in 'Irāqī Kurdistan. Even in the purely administrative services difficulty has been experienced, although in less degree. As explained above, the Kurds of 'Irāq have no experience of self-government. They had previously little share in the administration of their country. Their agricultural pursuits and primitive existence are not calculated to fit them for government service, and it is natural that, from this unpromising material, it should take time to educate and train sufficient men suitable to fill all administrative and technical posts in the Kurdish districts. Nevertheless, it cannot be denied that, of recent years, the 'Irāq Government have somewhat fallen away from the promise given by a former 'Irāqī Prime Minister in January 1926. . . . For example, there has been considerable delay in enacting a law to establish Kurdish as the official language for governmental correspondence and for the law courts and schools in the Kurdish areas. In the circumstances, this was perhaps not inexcusable, since, until recent years, Kurdish, as a language of written communication, was unknown. But the failure to enact such a law was generally resented among the Kurds, as also was the fact that Kurds were insufficiently represented among the high officials in the capital. The Kurds felt also that a primarily Kurdish education area should be formed and placed under the charge of a Kurdish official, who could be relied upon to press the needs of Kurdish culture and education at headquarters.<sup>2</sup>

The Acting Prime Minister of 'Irāq's letter of the 19th August, 1930, mentioned above, contained the following statement of policy:

As regards the general question of the appointment of officials in the Kurdish liwās, of which mention is made in the stipulations of the

<sup>1</sup> The truth and justice of some of these official British observations appear to have been contested by individual British observers who knew the ground: in particular, the assertion that the Kurdish population in 'Irāq afforded only 'unpromising material' for staffing administrative and technical posts in the Kurdish districts.

<sup>2</sup> Minutes of the Permanent Mandates Commission, Nineteenth Session, p. 186.

League, I think that I should make clear the policy of the Government. The majority of officials in these districts are Kurds and will continue to be so, but it has for a long time been realized that to appoint only Kurds in the Kurdish liwās will inevitably tend to bar them from employment in other parts of 'Irāq. This is detrimental to the general interests of the administration and is likely to keep alive feelings which the 'Irāqī Government hope to see disappear. Accordingly, as soon as the local languages law is approved by Parliament, the Government propose to make a knowledge of the Kurdish language, and not race, a condition of employment in the Kurdish liwās. It is hardly necessary to add that this does not denote any change in its policy of administration and that care will be taken to choose suitable men. The matter is mainly one of principle, for there are not a great number of Arabs with a knowledge of Kurdish. In the same way, the whole of 'Irāq will remain open for employment of Kurds who have a knowledge of Arabic. The 'Irāqī Government maintain that this policy is in the best interests of the Kurds themselves and does not conflict with the stipulations of the League. The 'Irāqī Government are of the opinion that the policy which I have outlined above should not only fulfil the stipulations of the League but also should adequately satisfy the aspirations of all reasonable Kurds. It preserves Kurdish as their language in their primary education, in the dispensation of justice and in all their relations with the administration.<sup>1</sup>

A draft of the law referred to in this passage had been approved in August 1930 by the Cabinet at Baghdad, and a copy of the draft was attached to the Acting Prime Minister's letter.<sup>2</sup> The Bill was presented to Parliament in December 1930 and eventually became law, with various changes which did not alter its essential purport, on the 23rd May, 1931.<sup>3</sup> 'Other items in' the Baghdad Government's 'programme were: that a translation bureau should be set up in the Ministry of the Interior in Baghdad to undertake the translation into Kurdish of legislation, regulations, and departmental circulars; that for the purpose of education the Kurdish schools of the Arbīl, Kirkūk, and Sulaymānīyah liwās should be grouped under a suitable Kurdish inspector; and that a Kurdish Assistant Director-General of Administration should be appointed to the Ministry of the Interior. All this had been done by the end of the year 1930.'<sup>4</sup> Later in the same year, upon the Prime Minister's return to Baghdad after his visit to Geneva and tour in the northern districts,<sup>5</sup> 'His Excellency took the following steps to arrange for the implementation of the Local Languages Law—

(a) Under the chairmanship of the Mutasarrifs, committees were set

<sup>1</sup> *Op. cit.*, p. 188.

<sup>2</sup> Text in *op. cit.*, pp. 189-91.

<sup>3</sup> The text of the law, as eventually enacted, will be found in *Report 1931*, pp. 73-5.

<sup>4</sup> *Special Report 1920-31*, p. 263.

<sup>5</sup> For this tour, see p. 118, above.



up in the liwās of Mosul, Kirkūk, Arbīl, and Sulaymānīyah to determine, in accordance with Article 6 of the Law, what language of instruction should be used in each of the schools of the liwā.

(b) A circular was sent to all Ministers (excepting the Ministries of Defence and Foreign Affairs) instructing them to make arrangements for the replacement of such of their officials in the Kurdish areas who did not know Kurdish or, where this was not possible, to arrange for them to learn Kurdish.

(c) A committee was set up in each of the Kurdish qadās of the Mosul liwā to advise the Government as to the form of Kurdish which the inhabitants desired should be adopted for use under Article 8 of the Local Languages Law.<sup>1</sup>

In March 1932, 'delegates from these qadās met . . . at the Mosul liwā headquarters, and by seven votes to two they decided in favour of the use of the indigenous Bahdinayn dialect'.<sup>2</sup>

In the last of their reports on the administration of 'Irāq, the British Government found themselves able to inform the Council of the League of Nations that

The year 1932 was quite free from any manifestations of Kurdish nationalist agitation and, provided the 'Irāqī Government continue their present liberal policy in dealing with the Kurdish districts, there is reason to hope that the Kurdish question will not again become acute.<sup>3</sup>

Possibly this was an over-sanguine hope on a long view, since it was difficult to believe that the politically divided Kurdish inhabitants of 'Irāq, Persia, Turkey and Syria would remain content, in perpetuity, to forgo that national unity in a sovereign independent national state which had come by this time, in a politically Westernized world, to be regarded as the natural right of every people. The Kurdish question could perhaps hardly be expected to fade out of Kurdish minds; yet it was something gained, in the interests of international peace and order, if, in Southern Kurdistan, the question had been lulled to sleep, by liberal and statesmanlike legislation and by tactful administration, for a long enough period to allow the adolescent 'Irāqī state to find its feet.<sup>4</sup> A less auspicious turn was taken by the Assyrian question at this critical juncture.

<sup>1</sup> *Report 1931*, p. 19.

<sup>2</sup> *Report 1932*, p. 5.

<sup>3</sup> *Op. cit.*, *loc. cit.* Neither the assertion of fact nor the expression of expectation that is conveyed in this passage appears to have been accepted by those individual British observers who have been referred to on p. 132, footnote 1, above.

<sup>4</sup> Liberal measures were perhaps not the only antidote to an incipient Kurdish Nationalism that was applied by the 'Irāqī Government; for the Kurds—sub-divided, as they were, into innumerable mutually hostile tribal and feudal fragments—were their own worst political enemies. Their condition

(3) *Relations between the Government and the Assyrians*

In a previous volume of this series,<sup>1</sup> the history of the Hakkīyārī Assyrian highlanders' relations with the Turkish, British and 'Irāqī Governments has been carried down to the settlement of the international controversy over the disposal of the former Ottoman vilāyet of Mosul. At the moment when this settlement was completed by the signature of the Anglo-'Irāqī-Turkish Treaty of the 5th June, 1926,<sup>2</sup> the situation of the Assyrians was as follows. Almost the whole of the Hakkīyārī mountain country, which was the ex-Ottoman Assyrians'<sup>3</sup> ancestral homeland, had come again, *de facto* as well as *de jure*, under Turkish rule, with the exception of the district of Barwar-i-Bālā;<sup>4</sup> and, on the Turkish side of the frontier, the Assyrians who had reoccupied their homes in 1921, when the country was politically a no-man's-land, had been driven out again, to the 'Irāqī side of the line, by Turkish military operations in 1924. Thus, except for the people of Barwar-i-Bālā, who probably accounted for less than a quarter of the total Assyrian population in 'Irāq<sup>5</sup> from the autumn of 1924 onwards, the Assyrians who were resident on 'Irāqī territory at the time of the international settlement of 1925-6 were people whose native homes lay outside the frontiers of 'Irāq as these had now been drawn; and the relations of these Assyrian refugees with the native inhabitants of the districts of 'Irāq where they were squatting, and with the Arab National Government at Baghdad, were inevitably difficult.

The Assyrian refugees, for their part, were profoundly disappointed and embittered by their experiences since the beginning of the

positively invited a policy of *divide et impera*; and the Arab Government at Baghdad were no doubt as much alive to this as were the Turkish Government at Angora or the Persian Government at Tihṛān.

<sup>1</sup> See the *Survey for 1925*, vol. i, pp. 21, 483-6, 499-504.

<sup>2</sup> *Op. cit.*, pp. 527-8.

<sup>3</sup> For the Persian Assyrian lowlanders, whose homes had lain on the western shores of Lake Urumiyah, see *op. cit.*, pp. 483 and 485, footnote 1.

<sup>4</sup> For this exception see *Report 1932*, p. 10, which is quoted in the present chapter on p. 145, below.

<sup>5</sup> For the strength of the support behind the petition of the 21st September, 1932, from Bishop Yuwalāhā [Yaballāhā] of Barwar-i-Bālā, see Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 329. The opinion of the Mandates Commission's *rapporteur*, that the petitioners' claim to represent 2,400 families is exaggerated, is fully borne out in the report of the 28th September, 1933, by the settlement expert, Major D. B. Thomson, who estimates the number of families of Assyrians whose pre-War homes were in areas now within the Kingdom of 'Irāq as only 409, as against 3,500 families of refugees from the territory which had remained under Turkish rule (Minutes of the Seventy-Seventh Session of the League Council, Part II, p. 1840).

General War of 1914–18. As victims of one of the defeated belligerent Powers and fighters on the side of the victors, they had regarded themselves as being entitled to at least a restitution of their pre-War position. Yet whereas, before the War, they had been living in their native highlands, in a compact territory of their own, with a *de jure* cultural autonomy and a *de facto* territorial autonomy under the headship of their hereditary Patriarch the Mār Shimūn, they now found themselves in apparently permanent exile on the alien soil and in the uncongenial climate of the Mesopotamian plains, and in this foreign land they were not even able to occupy a single continuous piece of territory, but were dispersed in scattered cantonments.<sup>1</sup> The natural bitterness of the Assyrians in this unhappy situation was not tempered by any gratitude towards the people and Government of 'Irāq whose uninvited guests they now were; for the Power whose *protégés* the Assyrians felt themselves to be was not the Arab Government at Baghdad but the British Government of the United Kingdom. It was the British authorities in 'Irāq, at a time when 'Irāq was under British military occupation, who had given the Assyrians shelter and relief when they reached the British lines, as refugees, during the War; and, since then, their main source of livelihood had been the pay which was drawn by those of them who had enlisted in the Assyrian Levies—a force which was not a unit of the newly formed 'Irāqī Army, but was in the service of the British Crown and under the orders of the British High Commissioner. The status of these Assyrian soldiers who were serving in 'Irāq, under the colours of the Mandatory Power, as the comrades-in-arms of their European co-religionists,<sup>2</sup> was in extreme contrast to the prospects of these same Assyrian soldiers' families and kinsmen who were living as destitute refugees among an alien Muslim majority; and this unresolved con-

<sup>1</sup> For an analysis of the causes of Assyrian discontent, see the conclusions of the *rapporteur* to the Permanent Mandates Commission on four Assyrian petitions which the Commission considered at its Twenty-Second Session (November–December, 1932.) The document is printed in the Minutes of the Twenty-Second Session of the Permanent Mandates Commission, pp. 374–5.

<sup>2</sup> 'The Assyrians, I am afraid, are rather truculent either as a result of their recent experiences or possibly because they have always been so, and there is no doubt that they did despise the 'Irāqīs. I feel that I must say also that some of the fault for this attitude should be laid at the door of the British Levy officers, who had, unconsciously perhaps, taught the Assyrians to look down on the 'Irāqīs. Certainly some of the Levy officers were not well disposed to the 'Irāqī Government, and the Government knew it.' Lecture delivered to the Royal Central Asian Society on the 26th January, 1934, by Lieut.-Col. R. S. Stafford, formerly Administrative Inspector, Mosul, in the service of the 'Irāqī Government (*Journal of the Royal Central Asian Society*, vol. xxi, Part II, April 1934).

tradition was no doubt one of the causes of the violent collisions between Assyrian troops and Muslim civilians which occurred at Mosul in 1923 and Kirkūk in 1924,<sup>1</sup> and which left rancorous memories behind on the Muslim side.<sup>2</sup> The problem of the Assyrians in 'Irāq was stated as follows by the Mandatory Power in the special report on the progress of 'Irāq which it laid before the Permanent Mandates Commission in 1931, when the liquidation of the mandatory régime was under consideration.

While their history must attract general sympathy, and particularly among the nations associated with the cause for which the Assyrians fought during the Great War, they are to the majority of 'Irāqis an alien race with an alien religion, bound to 'Irāq by no strong ties of patriotism or loyalty, and having originally no claim to the special consideration of the 'Irāqī Government. The task of establishing these people in 'Irāqī territory and of attempting to make them 'Irāqī nationals in fact as well as in theory without arousing racial and religious animosities has been, and continues to be, one of extreme delicacy and difficulty.<sup>3</sup>

As 'Irāq advanced towards its goal of political emancipation, while the *moral* of the Assyrian Levies rose in proportion to the length of their service under the British Crown, there was a continual widening of the gulf between the attitude and expectations of the Assyrians and their actual prospects; and this psychological difficulty made itself felt when the British Government addressed themselves to the task of finding permanent homes, on the soil of 'Irāq, for the 20,000 Hakkīyārī Assyrians who, in consequence of the settlement of the 'Irāqī-Turkish boundary dispute in 1925-6, were now cut off, once for all, from any possibility of returning to their native highlands on the Turkish side of the new frontier.

The only possible solution was to settle the Assyrians on unoccupied lands in the northern districts of 'Irāq and to assist them as far as possible in the early stages, by the provision of agricultural implements, seed, cattle, &c., to place their allotments under cultivation and to become self-supporting. Although it might be possible to group tribal communities together to some extent, the fact had to be faced that the Assyrian people must henceforward be scattered, living among the Kurds, sometimes even as tenants of Kurdish aghas. This solution, though by no means ideal, was perfectly practicable. Though the Kurds and Assyrians have often quarrelled they have been neighbours for centuries. . . . The Assyrians are an industrious people and make good tenants, a fact which appeals to the Kurdish landlord, who consequently has an interest in keeping them contented. Moreover, those who have

<sup>1</sup> See the *Survey for 1925*, vol. i, p. 486.

<sup>2</sup> These memories were causing trouble as late as 1931. For an instance, see *Special Report 1920-31*, p. 279.

<sup>3</sup> *Op. cit.*, p. 266.

known the Assyrians since pre-War days have remarked among them an increased independence of spirit. They are no longer content to be, as many of them were before the War, down-trodden *ra'iyah* of Kurdish aghas.<sup>1</sup> . . . This increased independence of spirit, while not altogether welcome to the Kurdish aghas, ensures the Assyrians to some extent against persecution. Nevertheless it was recognized that the settlement of the Assyrians among the Kurds required very careful handling. The greatest care was necessary to avoid doing anything that might arouse the antagonism of the Kurds and lay up trouble for the Assyrians in the future. This consideration was constantly kept in mind during the settlement operations which followed.<sup>2</sup>

The psychological difficulty that beset the relations of the Assyrian settlers with the 'Irāqī Kurds was also experienced in their relations with the 'Irāqī Arab Government at Baghdad and with its official representatives in the provinces. At the instance of the British High Commissioner, the following resolution was passed, on the 8th March, 1927, by the 'Irāqī Council of Ministers:

(a) That the Ministry of the Interior should endeavour, without racial discrimination, to settle the refugees, at present found in the northern zone, in such lands and villages as may be considered suitable.

(b) That these refugees should be informed that the Government were willing to grant special exemption from taxation to every individual who would develop and till the land, and comply with the advice and orders of the Government according to law.

(c) That the settlement of refugees in localities where this might be objected to by neighbouring Governments, or by the original inhabitants on grounds of established occupancy rights, or any other legitimate reason, should be avoided.<sup>3</sup>

This resolution was intended for the benefit of the Assyrians, though it was drafted in general terms, and the work of settlement was promptly put in hand under the direction of an Assyrian Settlement Officer who, with the concurrence of the 'Irāqī Government, was made responsible to the British High Commissioner;<sup>4</sup> but

<sup>1</sup> It was only the Assyrian community in Barwar-i-Bālā that had been in this situation before the War; and this community only represented a fraction of the post-War Assyrian population of 'Irāq (see p. 135, above). The majority consisted of refugees from Hakkīyārī, who, before the War, had been their own masters in their native fastnesses.—A. J. T.

<sup>2</sup> *Special Report 1920-31*, p. 272. With regard to the last sentence in this passage, an English critic of the British Government's policy makes the observation that the British authorities in 'Irāq did not refrain from bringing the Assyrians into collision with the Kurds when and where this suited British convenience. For example, Assyrian troops were included in punitive expeditions against Kurdish insurgents, and were employed for guarding the aerodromes of the British Royal Air Force (see the *Survey for 1925*, vol. i, p. 21).

<sup>3</sup> *Special Report 1920-31*, p. 273.

<sup>4</sup> The appointee was 'a British officer who had served for several years with

although, 'in the early stages, the settlers were exempted from sheep tax and rifle tax, and applications for remissions of land taxes received generous treatment in accordance with the promise given by the 'Irāqī Government, . . . their outlook was coloured by the fundamental grievance that they were still, as they had been for centuries past, the subjects of a Muslim Government, and this did not help them to be tactful in their relations with 'Irāqī officials. They had been accustomed to refer any complaints they wished to make, not, in the first instance, to the proper 'Irāqī authorities (thus giving those authorities an opportunity to inquire into such grievances, and, if necessary, secure their redress) but direct to the High Commissioner, to British officers of the Levy Force, or to the British Administrative Inspectors. This procedure was most galling to the 'Irāqī officials, and made them less sympathetic in their dealings with the Assyrians.<sup>1</sup> Moreover, the Assyrians had been unavoidably demoralized to some extent by the assistance which they had received in the past, and were inclined to regard the demands for taxation, which they were beginning to receive, as evidence of the Government's unsympathetic attitude towards them. The imposition of a licence fee of Rs. 1 on their rifles, for instance, which is Rs. 4 less than the maximum legal fee levied on their Kurdish neighbours, was made the subject of a strong protest to the High Commissioner by the Assyrian Patriarch, though it was clearly unreasonable that they should expect to be exempted from payments of such fees indefinitely.'<sup>2</sup>

Apart from these unfortunate relations of the Assyrians with the 'Irāqī Arabs as well as the 'Irāqī Kurds, the Settlement Officer had two intrinsic difficulties to contend with: the subjective difficulty, referred to in the passage just quoted, of the Assyrians having been demoralized by years of pauperization, and the objective difficulty that the funds available for the work of settlement were inadequate. The Assyrians were inclined to be supine in helping themselves, and fastidious over the settlement sites that were found for them. Yet, in spite of this legion of difficulties—psychological and financial—homes had been found for all but about 350 families by the end of the year 1929;<sup>3</sup> and at the time when the British Government set themselves

the Assyrian Levies and had acquired an extensive knowledge of the different Assyrian tribes and spoke their language fluently' (*op. cit.*, *loc. cit.*).

<sup>1</sup> 'The ordinary 'Irāqī official, feeling in his heart of hearts rather doubtful if he could run the country after the English had gone, did not want to be reminded of further difficulties.'—Lieut.-Col. R. S. Stafford, in his lecture of the 26th January, 1934, quoted on p. 136, above.

<sup>2</sup> *Special Report 1920-31*, pp. 274 and 276.

<sup>3</sup> *Op. cit.*, p. 274.

a definite date for liquidating the mandatory régime in 'Irāq there was, in their declared opinion, 'every reason to believe that, by 1932, the Assyrians would have settled into their place in the 'Irāqī body politic'.<sup>1</sup>

This prognostication, however, was soon belied by the untoward effects which the announcement of the new departure in British policy produced upon the relations between all parties concerned. The Assyrians were upset by their apprehensions of what might happen to them when the British control in 'Irāq came to an end; the 'Irāqī authorities became restive over the implementation of the special measures of assistance to the Assyrians which they had been carrying out under British pressure and not on their own initiative; and mischief-making influences—some certainly misguided and some perhaps malevolent—were brought to bear upon the local situation from outside. There was a Baghdādī Arab intrigue to set the Kurds against the Assyrians (apparently with the idea of diverting Kurdish animosities from an Arab to an Assyrian target and enabling the 'Irāqī Arabs to rule the two most formidable of the non-Arab minorities by dividing them);<sup>2</sup> and there was an agitatory propaganda among the Assyrians which was set on foot by two Englishmen: Captain A. Hormuzd Rassam (the grandson of a well-known Assyrian assistant of Sir Henry Layard's) and Mr. Matthew Cope.<sup>3</sup>

The cumulative effect of these adverse influences was to make the prospects of a solution of the Assyrian problem considerably more remote at the close of the year 1930 than they had appeared to be at the close of 1929; and in 1931 the British High Commissioner found himself constrained to make representations to the 'Irāqī Government on the Assyrians' behalf. 'The 'Irāqī Government had failed to grant remissions of taxation which the settlers had been led to expect, and also the actual work of settlement had been held up. This indicated a departure on the part of the 'Irāqī Government from the policy to which expression had been given by the Council of Ministers' resolution of the 8th March, 1927. The High Commissioner accordingly addressed a letter to the 'Irāqī Prime Minister dated the 12th March, 1931, in which he drew the attention of the Prime Minister to these facts and expressed the hope that, since the policy on which that resolution was based had never been reversed, steps would at once be taken, in accordance therewith, to grant the

<sup>1</sup> *Op. cit.*, p. 275.

<sup>2</sup> One baneful effect of this intrigue was a crop of murders in which the victims were Assyrians and in which the murderers were not brought to book (*op. cit.*, p. 277).

<sup>3</sup> For these adverse factors which entered into the situation at the turn of the years 1929-30, see *op. cit.*, pp. 277-8.

remissions of taxation recommended by the local authorities for settlers over the previous three years, and also to authorize the continuance of settlement operations.'

'The Prime Minister replied on the 23rd April that the 'Irāqī Government adhered to the policy defined in the resolution of the 8th March, 1927, that the proposed remissions of taxation to settlers for the previous three years would be approved, provided that no special remissions should be granted in future pending the enactment of a law for the general grant of assistance, without discrimination, to cultivators undertaking development work; and that the Civil Surgeon at Mosul had been instructed to report from the health point of view on the localities that might be used for settlement. Remissions of taxation for the years 1928, 1929, and 1930 were finally approved by a resolution of the Council of Ministers on the 30th May.'<sup>1</sup> By this act the situation, which had been deteriorating for the past eighteen months, was sensibly improved; and on the 24th August, 1931, the Baghdad Government gave another earnest of their good will towards the Assyrians by passing a resolution for the settlement of the remaining landless Assyrians in the Baradost district of 'Irāqī Kurdistan. The terms offered to the settlers in this resolution were attractive;<sup>2</sup> and the scheme was timely, since the number of unsettled Assyrians in 'Irāq was bound to be increased by the forthcoming disbandment of the Assyrian Levies—a blow to the Assyrians which was one of the necessary incidental consequences of the now imminent liquidation of the mandatory régime. Unfortunately, the execution of the Baradost settlement scheme was frustrated by the outbreak, at this moment, of the private war between the two Kurdish tribal chieftains, Shaykh Ahmad and Shaykh Rashīd,<sup>3</sup> in the very neighbourhood of the proposed area of colonization; and the Assyrian situation took a turn for the worse before the close of the calendar year.

In October 1931, the Mār Shimūn summoned a conference of Assyrian notables to meet him at Mosul; and this meeting resulted in the despatch, to the Council of the League of Nations, of two petitions: one, dated the 20th October, 1931, from the notables, and the other, dated the 23rd, from the Mār Shimūn himself. The signatories of these two documents, which were of substantially the same purport,<sup>4</sup> declared that it would be impossible for them to go

<sup>1</sup> *Report 1931*, pp. 20-1.

<sup>2</sup> For details, see *op. cit.*, pp. 21-2.

<sup>3</sup> See p. 129, above.

<sup>4</sup> The text of the Mār Shimūn's petition is printed in *The Times*, 19th November, 1931.



on living in 'Irāq after the termination of the mandatory régime, and asked, on this ground, that arrangements should be made for the transfer of the Assyrians at that time resident in 'Irāq to some country under the rule of any one of the Western nations, or, if that were impossible, to the Syrian territories under French mandate. Unfortunately, this pair of petitions did not come before the Permanent Mandates Commission until November 1932—more than twelve months after the documents had been drafted, signed and despatched—and, after waiting more than six months for a reply, the Assyrians resorted to direct action.

'On the 1st June, 1932, a memorial was presented to the Brigadier Commanding the Assyrian Levies signed by all but one of the Assyrian officers, stating that they and all the men had decided to cease serving from the 1st July. The reason given for this step was that the British Government had failed adequately to ensure the future of the Assyrian nation after the termination of their mandate over 'Irāq. At the same time it was ascertained that Mār Shimūn, in conjunction with other Assyrian bishops and maliks, had prepared a plan for the concentration of the whole Assyrian nation in the Dohūk-'Amādiyah area at the beginning of July and that the Levies, on leaving their service, intended to join this concentration.'<sup>1</sup> A personal request from the British High Commissioner for the withdrawal of this manifesto was met by the reply that the signatories could not withdraw without consulting the Mār Shimūn;<sup>2</sup> and the only result of this consultation was the presentation of a further petition, to be forwarded to Geneva, in which the Assyrians in 'Irāq reproached the British Government for not having rewarded their services in the way that they had expected, and then proceeded to set out nine far-reaching demands:

(1) That the Assyrians should be recognized as a *millet* (nation)<sup>3</sup> domiciled in 'Irāq and not merely as an 'Irāqī religious community.

(2) That the Hakkīyārī Sanjāq in Turkey, in which some of the Assyrians formerly lived, should be annexed to 'Irāq and its villages restored to the Assyrians.

(3) (a) That, if this could not be done, a national home should be found for the Assyrians which should be open to all the Assyrians

<sup>1</sup> *Report 1932*, p. 6.

<sup>2</sup> 'Having been dangerously ill, I was ignorant of the Levies' action until this time'—statement by the Mār Shimūn in his petition of the 4th August, 1933, printed in the Minutes of the Seventy-Seventh Session of the League Council, Part II, p. 1787.

<sup>3</sup> The form of cultural and civil autonomy, in an ecclesiastical framework, which was embodied in the old Ottoman (and 'Abbasid) institution of the *millet* is perhaps hardly conveyed in the Western term 'nation'.—A. J. T.

scattered in 'Irāq and to all other ex-Ottoman Assyrians from all over the World.

(b) That this new home should be arranged to include the whole of the 'Amādiyah district and the adjacent parts of the Zākhō, Dohūk, and 'Aqrah districts, and that it should be made into a sub-liwā under the Mosul liwā with its headquarters at Dohūk under an Arab Muta-sarrif and a British Adviser.

(c) That existing settlement arrangements should be wholly revised by a committee provided with adequate funds, and that the land chosen for Assyrian settlement should be registered in their names as their own property.

(d) That preference should be given to Assyrians in the selection of officials for this sub-liwā.

(4) That the temporal and spiritual authority of the Patriarch over the Assyrian nation should be officially recognized and that an annual subsidy should be given to him.

(5) That the Assyrians should have a member in the Chamber of Deputies nominated by the people and the Patriarch.

(6) That the 'Irāqī Government should establish schools in consultation with the Patriarch, in which the language of the Assyrians should be taught.

(7) That the League of Nations or the 'Irāqī Government should make a gift of 500,000 rupees for the creation of a Church waqf for the Assyrian Church (the Church in the East).

(8) That a hospital should be established in the headquarters of the sub-liwā, and dispensaries at other places to be fixed.

(9) That the rifles earned by the Assyrians by their service in the Levies should not be confiscated.<sup>1</sup>

'It was further stipulated that these demands should be adopted by the Council of the League of Nations, and by Royal Irādah made part of the 'Irāqī Constitution. The petition concluded with an ultimatum that, unless these demands were granted before the 28th June, the Levies would not withdraw their resignation and the national movement would increase. . . .

'After . . . negotiations had proved fruitless, arrangements were made for a Battalion of British infantry (the First Battalion of the Northamptonshire Regiment) to be flown by the Royal Air Force from Egypt to take over the duties of the Levies until steps could be taken for the recruitment of the special force for the protection of aerodromes provided for in the Anglo-'Irāqī Treaty of 1930.<sup>2</sup> The first company of the Northamptonshire Regiment arrived on the

<sup>1</sup> The foregoing summary of the demands contained in the Assyrian petition of the 17th June, 1931, is that which is given by the British Government in their *Report on 'Irāq for 1932*, pp. 7-8. Another summary, to the same effect, will be found in the Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 328.

<sup>2</sup> See the text in *Documents on International Affairs, 1930*, p. 138.—A. J. T.

22nd June, and the transporting of the whole Battalion was completed five days later. The four companies were distributed to the Levy stations at Mosul, Diana, Sulaymānīyah and Hinaidi. Their arrival was not without effect on the Assyrian leaders, and at the last moment Mār Shimūn, on the 29th June, consented, at the urgent request of the British High Commissioner, to issue an encyclical letter to the Assyrian officers and men of the Levies enjoining on them continued loyal and obedient service in the force until the national petition of the 17th June had been considered by the League of Nations and an answer given, adding that, if they then wished to take their discharge, they must do so in accordance with the orders of their British Officers.

'In consideration of this act, the High Commissioner promised the Patriarch that the Levies would be maintained at their present strength until an answer was given to the Assyrian petition, or until the 15th December, whichever was the earlier date. He also informed him that certain questions raised in the petition such as the recognition of the Patriarch, land settlement, schools, dispensaries and the retention of rifles were recognized by him to be reasonable subjects for consideration and would receive early and sympathetic attention. The Levies at Diana, Sulaymānīyah and Mosul submitted without trouble to the injunction of their Patriarch, but those at Hinaidi showed themselves less complaisant and for some days behaved in a mutinous manner. It was considered advisable to permit the most restless men to go, and for several days a daily quota of about 30 men were permitted to take their discharge. In all, some 250 men were released from service in this manner. By the end of the first week in July all the remaining men in all stations had, however, given an undertaking to obey the Patriarch's instructions, and the Levy strike was at an end. Arrangements were then made for the gradual return to Egypt of the Northamptonshire Regiment, the troops being moved by air via Rutbah and 'Ammān.

'The High Commissioner then communicated to the 'Irāqī Government an extract from the petition of the 17th June showing the principal demands put forward by the Assyrians;<sup>1</sup> and a committee, including a representative Assyrian, was set up to report on the possibility of finding more land for Assyrian settlement in the qadās of 'Amādiyah, Dohūk, Zākhō and 'Aqrah. The committee reported that there was no vacant land suitable for Assyrian settlement in the

<sup>1</sup> The 'Irāqī Government's observations of the 2nd August, 1932, on the Assyrian petition of the 17th June, 1932, are printed in the Minutes of the Sixty-Ninth Session of the League Council, pp. 2291-2.—A. J. T.

Zākhō or 'Aqrah qadās, but that land had been found in several villages in the Dohūk and 'Amādiyah qadās in which it was estimated that 130 families could immediately be settled. In addition, they reported that another 200 families could be settled in the Dashtazi area ('Amādiyah qadā) if the water-supply could be improved by a minor irrigation work.<sup>1</sup> The Cabinet immediately adopted this report, and instructions were given to the Irrigation Department to prepare a technical report on the Dashtazi irrigation proposal. The Engineer's report was ready early in September. He estimated that at a cost of £13,000 sufficient land could be irrigated in this area to support almost 400 families.

'The petition itself, together with the observations of His Majesty's Government in the United Kingdom and of the 'Irāqī Government and the findings of the land committee and irrigation engineer, was in due course brought to the notice of the Council at their sixty-eighth session and referred for examination to the Permanent Mandates Commission.

'In the meanwhile, King Faysal had visited 'Amādiyah and had given a long audience to Mār Shimūn at which he discussed the Assyrian[s'] petition and their future in 'Irāq. His Majesty did his utmost to persuade the Patriarch to trust the 'Irāqī Government. Mār Shimūn, however, while thanking the King for his kindness, said that he felt obliged to await the result of the petition to the League. Shortly afterwards His Beatitude left 'Irāq for Geneva and remained there until the end of December.

'Early in September another Assyrian petition was received for transmission to the League of Nations. This was signed by a number of minor chiefs who claimed to represent a total of about 2,400 families.<sup>2</sup> They repudiated the recent activities of the Patriarch and the petition of the 17th June, and declared their entire contentment with their present circumstances and their loyalty to the 'Irāqī Government. The signatories to this petition were mainly the people of the Barwar-i-Bālā, headed by their Bishop, Mār Yuwalāhā. These people' were 'still living in their original villages, cultivating their old lands, and' had 'not the same reasons for discontent as the Tiyyārī and T'khumā tribesmen and the others whose old homes' were 'in Turkey. This petition was also, through the Council,

<sup>1</sup> The final report of this Commission, dated the 9th August, 1932, together with the minutes of the Commission's third meeting of the same date, and a summary of the situation, is printed in the Minutes of the Sixty-Ninth Session of the League Council, pp. 2292-6.—A. J. T.

<sup>2</sup> For a criticism of this figure see the present chapter, p. 135, footnote 5, above.—A. J. T.

referred to the Permanent Mandates Commission'<sup>1</sup>—nine days before the liquidation of the mandatory régime through the admission of 'Irāq to membership of the League on the 3rd October, 1932—and the Commission had no opportunity of reporting to the Council until after this fundamental change in the constitutional position had taken place. In these circumstances, the Commission's *rapporteur* upon the Assyrian petitions expressed the opinion that

The root cause of the state of unrest revealed by the petitions we are dealing with resides in the fact that it has not yet been possible to collect the Assyrians of 'Irāq into a homogeneous group in a region suitable to their needs. . . . It has not been proved to the satisfaction of an impartial observer that lands combining the requisite conditions for the settlement of the Assyrians in a homogeneous group do not exist in 'Irāq, or that the possibility of resettling them in their country of origin must be definitely ruled out. It would be desirable for the Council of the League to use its influence in favour of one or other of these solutions being sincerely sought.<sup>2</sup>

The notion that there was any practical prospect of inducing the Turkish Government to allow the Hakkīyārī Assyrians to return to their original homeland would seem difficult to reconcile with the consistent intransigence of Turkish policy in this matter. Since 1924 the Turks had driven, and kept, the Assyrians out of Turkey by main force;<sup>3</sup> and, if a Turkish fulfilment of the *rapporteur's* desideratum was thus not practical politics, an 'Irāqī solution was neither practical politics nor practical economics; for, while the original homeland of the Assyrians, on the Turkish side of the frontier, had continued to remain empty of inhabitants ever since their expulsion, and was thus economically open for an Assyrian re-occupation at any moment if the political impediment were ever removed, there was no corresponding no-man's-land within the frontiers of 'Irāq; and the Mandatory Power, in the light of its own direct experience, had expressed the considered opinion that

It was . . . impossible . . . to form any sort of Assyrian enclave in 'Irāqī territory. This could only have been done by a forcible ejection of Kurdish and Arab inhabitants over a wide area.<sup>4</sup>

The *rapporteur* himself declared that

there is one aspiration of the Assyrians which cannot find any encourage-

<sup>1</sup> *Report 1932*, pp. 8–10. The text of correspondence between Sir Francis Humphrys and the Mār Shimūn, from the 18th June, 1932, to the 3rd July inclusive, will be found in the Minutes of the Seventy-Seventh Session of the League Council, Part II, pp. 1796–8.

<sup>2</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 375.

<sup>3</sup> See *Special Report 1920–31*, pp. 271 and 278.

<sup>4</sup> *Op. cit.*, pp. 271–2.

ment—namely, that of granting the widest administrative autonomy to the Assyrian 'nation' (*millet*) grouped in the territory which 'Irāq may assign to it. The adoption of such a solution would imperil the unity of the 'Irāqī State, and could not but perpetuate the antipathy with which the Assyrians believe themselves to be viewed by the other elements of the nation in the midst of which they are destined to live.<sup>1</sup>

On the basis of their *rapporteur's* conclusions, the Mandates Commission, in their report to the Council on the work of their twenty-second session (November-December 1932), drew 'the Council's special attention to the great importance, both for the Assyrians themselves and for 'Irāq, of providing the Assyrians with opportunities for settlement in a homogeneous group which would be in keeping with their traditions and would satisfy their economic needs'.<sup>2</sup>

The tragedy of the situation was that the Council and the Mandates Commission and the Mandatory Power and the 'Irāqī Government had been working together for many months past to produce a general scheme for safeguarding the position of the non-Arab minorities in 'Irāq after the termination of the mandatory régime; and an agreed undertaking on the question had been subscribed to by the 'Irāqī Government among the other conditions upon which the admission of the Kingdom to membership of the League had been unanimously voted by the League Assembly.<sup>3</sup> This point was made by the Mandates Commission's *rapporteur* in the conclusions already quoted:

As regards the future status of minorities in 'Irāq, which is also dealt with in this petition, it has already been defined and guaranteed by the declaration recently signed by the 'Irāqī Government on the recommendation of the Council of the League of Nations. This declaration makes it open in future to the Assyrians, as to the other minorities in 'Irāq, to resort to the ordinary procedure in the matter of the protection of minorities.

No doubt the point had been brought to the Mār Shimūn's attention during his visit to Geneva at the close of the year 1932; but unhappily the gulf between this modern Western approach to the minority problem and the Assyrians' native tradition of autonomy on the *millet* system was so wide, and the breach between the Assyrian settlers in 'Irāq and the native 'Irāqīs was so far gone, that the international labours for saving the situation did not avail, as far as the Assyrians were concerned, to avert a catastrophic denouement.

The Mandates Commission's opinion was considered by the League Council on the 5th and 15th December, 1932, in consultation with a representative of the 'Irāqī Government, General Nūrī Pasha

<sup>1</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 375.      <sup>2</sup> *Op. cit.*, p. 374.      <sup>3</sup> See pp. 205 *seqq.*, below.

as-Sa'id—'Irāq now appearing, since her admission to membership of the League, as the principal in her own cause, instead of being represented by Great Britain. At the first of these two meetings, Nūrī Pasha quoted the authority of the British Government for the statement 'that there was not sufficient unoccupied land in 'Irāq to permit of the Assyrians being settled as a compact and autonomous community'; and, on the second of the two dates, the Council passed a resolution to the effect that it

Adopts the view of the Permanent Mandates Commission that the demand of the Assyrians for administrative autonomy within 'Irāq cannot be accepted;

Notes with satisfaction the declaration by the representative of 'Irāq of the intention of the 'Irāqī Government to select from outside 'Irāq a foreign expert to assist it for a limited period in the settlement of all landless inhabitants of 'Irāq, including Assyrians, and in the carrying out of this scheme for the settlement of the Assyrians of 'Irāq under suitable conditions and, so far as may be possible, in homogeneous units, it being understood that the existing rights of the present population shall not be prejudiced;

Feels confident that, if these measures do not provide a complete solution of the problem and there remain Assyrians unwilling or unable to settle in 'Irāq, the 'Irāqī Government will take all such measures as may be possible to facilitate the settlement of the said Assyrians elsewhere;

Requests the 'Irāqī Government to be so good as to keep it informed in due course of the result of the foregoing measures.

From this time onwards, the problem of the Assyrians in 'Irāq was constitutionally a question that lay solely between the Council of the League of Nations and the Government at Baghdad, and that no longer concerned either the Permanent Mandates Commission or (individually) the ex-Mandatory Power. Morally, the position was very different; for the liquidation of the mandatory régime in 'Irāq in the year 1932 had been acquiesced in by the Mandates Commission and the Council and the Assembly of the League at the urgent instance and on the deliberately assumed responsibility of the British Government.

'His Majesty's Government', Sir Francis Humphrys declared to the Mandates Commission on the 19th June, 1931, in his capacity of British High Commissioner in 'Irāq and accredited representative of the British Government at Geneva,

fully realized its responsibility in recommending that 'Irāq should be admitted to the League, which was, in its view, the only legal way of terminating the mandate. Should 'Irāq prove herself unworthy of the confidence which had been placed in her, the moral responsibility must

rest with His Majesty's Government, which would not attempt to transfer it to the Mandates Commission.<sup>1</sup>

In thus replying to a direct interrogation from a member of the Commission in the terms in which the Jews had once replied to Pilate,<sup>2</sup> the British Government had taken upon its head<sup>3</sup> the blood

<sup>1</sup> Minutes of the Twentieth Session of the Permanent Mandates Commission, p. 134. Sir Francis Humphrys also assured the Commission 'that in his thirty years' experience of Muhammadan countries he had never found such tolerance of other races and religions as in 'Irāq' (*op. cit.*, *loc. cit.*).

<sup>2</sup> In replying, on behalf of His Majesty's Government in the United Kingdom, to a debate in the House of Lords at Westminster on the 28th November, 1933, Lord Hailsham offered an interpretation of Sir Francis Humphrys' declaration in which he was at pains to prove that the responsibility which the British accredited representative had assumed towards the Mandates Commission on the British Government's behalf was limited (and was understood at the time, by the Commission, to be limited) to a 'responsibility as regards the question of fact—namely, the assertion that the territory under mandate had reached maturity'—considering that 'the Mandatory Power could not assume definite responsibilities regarding the future of an emancipated country'. It is true that the words just quoted between inverted commas from Lord Hailsham's speech on this occasion were the *ipsissima verba* of one of the members of the Mandates Commission, Monsieur Van Rees, in a discussion on Sir Francis Humphrys' declaration which took place between the members of the Commission on the 29th October, 1931. At the same time, this line of argument will perhaps carry less conviction in the layman's mind than in the lawyer's. For it was in consequence of the League's having acted on the question of fact in accordance with the British Government's opinion that the emancipation of 'Irāq—which precluded the Mandatory Power from retaining 'definite' (i.e. effective practical) responsibilities in 'Irāq—became a *fait accompli*; and this means that the acceptance of the British Government's opinion automatically ruled out all possibility of the British Government's intervening to arrest the mischief in the event of their opinion turning out to be incorrect. In these circumstances, it was—very properly—'moral responsibility', and not merely intellectual responsibility without moral prejudice, that Sir Francis Humphrys explicitly accepted on H.M.G.'s behalf; and did not this moral responsibility come home to roost when the Assyrians suffered a catastrophe by reason of an intellectual error on H.M.G.'s part? The members of the Permanent Mandates Commission, for their part, were acutely sensible that they would render themselves morally responsible if they submitted an incorrect intellectual opinion to the Council of the League on this matter of fact. Yet the Mandates Commission was a disinterested party, whereas H.M.G., who stepped in so hardly where the Commission feared to tread, were notoriously of the opinion that it was in the interests of the United Kingdom to obtain liberation from its mandatory responsibilities in 'Irāq at the earliest possible date. If, in all these circumstances, Sir Francis Humphrys, on his Government's behalf, took the responsibility which he did take as regards the question of fact, then surely the moral responsibility of the British Government for what did actually happen after the consequent liquidation of the mandate must be estimated in exactly inverse ratio to the minus quantity of H.M.G.'s official responsibility and effective practical authority in 'Irāq after that date.

<sup>3</sup> The moral responsibility did not fall with equal weight upon all British subjects in the United Kingdom; for, from the moment when the British Government's policy of liquidating the mandate in 1932 was declared, there



of those Assyrians and 'Irāqīs who were to lose their lives in battle and by massacre two years later. For the League Council—as had been shown, at the time when Sir Francis Humphrys spoke those words, by more than eleven years' discouraging experience of the working of minority treaties and declarations—was only able to exercise the most perfunctory and dilatory control over the discharge of obligations towards minorities on the part of states-members; and 'Irāq was a newly fledged state-member which had on its hands in the Assyrians—who were notoriously 'a very impulsive and hot-headed people'<sup>1</sup>—a particularly intractable minority for a Government to deal with at the very outset of its independent career.

The next act in the tragedy shows that the 'Irāqī Arab Government and the Assyrian Mār Shimūn (a young man who, at the turn of the calendar years 1932 and 1933, was not much over twenty) were alike unequal to the task of finding an adjustment for the peculiarly difficult relations between the young kingdom and the refugee minority within its gates. The difficulties were so great that a common disaster was likely to be the penalty for deficiency of statesmanship on either side when the two parties were virtually left to themselves to wrestle with their problem as best they could. In the event, both parties seem to have been unstatesmanlike to an extreme degree; and in these circumstances it would assuredly have been a miracle if the disaster had been avoided.

Upon his return from Geneva to 'Irāq at the turn of the years 1932 and 1933, the Mār Shimūn would perhaps in any case have found himself in a difficult position; for a comparison between the terms of the League Council's resolution of the 15th December, 1932, and those of the Assyrian petition of the foregoing 17th June show that

were important and authoritative people in Great Britain who showed as deep and active a concern for the future of the non-Arab minorities in 'Irāq as was shown by the members of the Mandates Commission. The Archbishop of Canterbury, for example, speaking in the House of Lords at Westminster on the 28th November, 1933, put the following facts on record:

'I had, I may mention, interviews myself in June 1931 with the noble Lord, Lord Passfield, who was then Secretary of State for the Colonies, with Sir Francis Humphrys, our able Commissioner at Baghdad, with representatives of the Colonial Office and Foreign Office, and they said that all that was possible was that the British Government should insist upon the strongest possible guarantees that the League of Nations had hitherto been able anywhere to impose. I was not wholly satisfied, but I very clearly remember that Lord Passfield gave his assurance that after the conclusion of any Treaty, after the admission (if it were brought about) of 'Irāq into the League of Nations, the welfare of the Assyrian people would be a matter of the closest concern to His Majesty's Government.'

<sup>1</sup> The Archbishop of Canterbury in the House of Lords at Westminster on the 28th November, 1933.

the hereditary national leader of the Assyrian community had returned to his people empty-handed<sup>1</sup> from a mission upon the success of which both he and they believed that the fate of the community depended. Nevertheless, after his arrival at Baghdad from Geneva on the 4th January, 1933, *en route* for Mosul (where he had established his permanent residence since the exodus from Hakkīyārī), he 'gave the impression, in an audience with H.M. King Faysal and in an interview with the Prime Minister, that he was inclined to accept the decisions of the Council. . . . From the moment of his arrival in Mosul, however, it was clear that this was not the case.'<sup>2</sup> What made him change his mind was 'that he discovered on his return that the 'Irāqī Government had been busy with propaganda against him, and had done its best to divide the Assyrians, and, further to that, had appointed his deadliest enemy, Khoshaba, as President of the Assyrian Advisory Settlement Committee which had been formed to help the official Settlement Committee. The Mār Shimūn thereupon set out to try to prevent settlement as far as he could.'<sup>3</sup> The 'Irāqī Government retorted by summoning him, on the 22nd May, to return to Baghdad in order to talk things over with the Minister of the Interior and with Major D. B. Thomson, the settlement expert who had been duly appointed by the Government of 'Irāq in accordance with the League Council's resolution of the 15th December, 1932, above-quoted. It was unfortunate that, a few days after the Mār Shimūn's arrival, King Faysal, with whom the Mār Shimūn had had a friendly meeting during his short sojourn in Baghdad at the beginning of the year, took his departure from Baghdad on a visit to Europe. The Minister of the Interior, in a letter addressed to the Mār Shimūn on

<sup>1</sup> For the crucial difference between the formulas 'homogeneous group' and 'homogeneous units', see the Mār Shimūn's report of the 4th August, 1933, in the Minutes of the Seventy-Seventh Session of the League Council, Part II, p. 1788.

<sup>2</sup> Royal Government of 'Irāq: *Correspondence relating to Assyrian settlement from 13th July, 1932, to 5th August, 1933* (Baghdad, 1933, Government Press), p. 1.

<sup>3</sup> Lecture delivered on the 26th January, 1934, to the Royal Central Asian Society by Lieut.-Col. R. S. Stafford, and published in the Society's Journal, vol. xxi, Part II, April 1934. At the time of the tragic events of 1933, Colonel Stafford was serving the 'Irāqī Government as Administrative Inspector, Mosul. His story of the events, as given in this lecture and afterwards amplified in a book (*The Tragedy of the Assyrians*, London, 1935, Allen & Unwin), is the most frank and impartial, as well as the most informative, of all the alternative accounts. A documented *ex parte* account from the 'Irāqī side is offered in the 'Irāqī Government Blue Book just quoted; a documented *ex parte* statement from the Assyrian side is offered in the Mār Shimūn's Report of the 4th August, 1933, which is printed in the Minutes of the Seventy-Seventh Session of the League Council, Part II, pp. 1786-1818.

the 28th May,<sup>1</sup> enclosed the text of a written guarantee which he asked the Mār Shimūn to sign, to the effect that he would 'do nothing to make the task of Major Thomson and the 'Irāq Government in connexion with the settlement scheme difficult', and that he would 'in all ways and at all times act as a loyal subject of the King'. In the same letter, the Minister took occasion to inform the Assyrian Patriarch that 'in all matters of administration the Assyrian community must conform to the laws, regulations and manner of procedure which applies to all other 'Irāqīs'; that his position would 'be the same as that of the other spiritual heads of communities in 'Irāq';<sup>2</sup> and that the Government could 'not agree to delegate to' him 'any temporal authority'.

While the 'Irāqī Government had reason on their side in insisting that the Assyrian community must accept the same status as the other scattered non-Arab minorities in the Kingdom, it was evidently tactless to raise this question in the same breath as the question of the Mār Shimūn's obstruction of the settlement scheme, and still more tactless to introduce the contentious formula of 'temporal power'. Under the old Ottoman régime, the Mār Shimūn had, as a matter of fact, exercised a *de facto* temporal power over the Assyrian highlanders of precisely the same kind as that which was exercised, under the same dispensation, by the religious shaykhs of the neighbouring Kurdish highlanders or by the secular chiefs of the settled as well as the nomad Arab tribes in the Mesopotamian lowlands. In the revolutionary substitution, for the *ancien régime*, of standardized national states on the Western pattern, the adjustment of relations between the new national authorities and the old religious authorities manifestly presented a difficult problem; and, in the case of several of the Kurdish Sunnī shaykhs, this difficulty had already caused a number of violent collisions. The clashes between the British and 'Irāqī authorities and Shaykhs Mahmūd of Sulaymānīyah and Ahmad of Barzan, and between the Turkish authorities and Shaykh Sa'id of Pālū, have been recorded in this *Survey*.<sup>3</sup> The case of the Mār Shimūn was of the same order, and was equally delicate. The Assyrian Patriarch's *de facto* temporal power had been demonstrated

<sup>1</sup> Text in Mār Shimūn's Report, p. 1791; 'Irāqī Blue Book, No. 29.

<sup>2</sup> In this context, the Minister, in his letter, informed the Patriarch that the Government were 'anxious to enlist' his 'help in preparing a community law on the lines of those already in force in the case of other communities'.

<sup>3</sup> For the clashes between the authorities and Shaykhs Mahmūd and Ahmad see the *Survey for 1925*, vol. i, pp. 482-3, 488-90, and the present volume pp. 125 and 128-9; for the revolt of Shaykh Sa'id see the *Survey for 1925*, vol. i, pp. 507-11.

less than twelve months earlier, in June 1932, when the British High Commissioner (as Sir Francis Humphrys then was) in 'Irāq had been glad to avail himself of the Mār Shimūn's authority for the purpose of bringing the British Government's Assyrian Levies back to discipline.<sup>1</sup> 'There was a great deal of correspondence between the British High Commissioner and the Mār Shimūn, who was used throughout as an intermediary and as the head of the Assyrians, and there is no doubt that his being used in this capacity strengthened him in his subsequent claims for temporal power.'<sup>2</sup> Now, again, in May 1933, the 'Irāqī Government were seeking the support of the Mār Shimūn's authority for the prosecution of the new Assyrian settlement scheme. In these circumstances, it was only to be expected that the Minister of the Interior's reference to the temporal power would stiffen the Mār Shimūn's attitude; and, in fact, the Patriarch, in his reply of the 3rd June, took up the question in the following terms:

This Patriarchal authority is a great historical and traditional usage of the Assyrian people and Church, and it has been one of the established and most important customs. The temporal power has not been assumed by me, but it has descended to me from centuries past as a legalized delegation of the people to the Patriarch. It was not only tolerated but also officially recognized in past by the old Sasanid Kings, Islamic Caliphs, Moghul Khans and Ottoman Sultans. No proof of any misuse of this power, as far as any King or Government whose subjects the Assyrian people have been, can be traced in history, whilst on the other hand, besides being in no way preventive to the application of the law of the country, it has proved to be the best method of dealing with a people living under the circumstances as the Assyrians are. Under the above circumstances I very much regret to say that it is impossible for me to comply with your order—viz. to sign the written promise outlined by Your Excellency—since such an action would only mean that I am willingly withdrawing myself from the duty to my people: the duty which, as mentioned above, is a legal delegation of the people to me and it is only to them to take it away.<sup>3</sup>

The Minister of the Interior responded by sending to the Mār Shimūn, through the Minister's British Adviser, a draft exchange of notes<sup>4</sup> in which, in addition to the points contained in the draft undertaking of the 28th May, the 'Irāqī Government's refusal to 'delegate any temporal power' to the Mār Shimūn was explicitly put on record. The Mār Shimūn replied by submitting counter-drafts,<sup>5</sup> in one of which the Minister was to declare that 'the traditional and established

<sup>1</sup> See p. 144, above.

<sup>2</sup> Stafford, *Lecture*, p. 237.

<sup>3</sup> Mār Shimūn's Report, p. 1792; 'Irāqī Blue Book, No. 31.

<sup>4</sup> *Ibid.*, pp. 1794-5; *op. cit.*, Nos. 38 and 39.

<sup>5</sup> *Ibid.*, pp. 1795-6; *op. cit.*, No. 40.

customs of your Assyrian people will be privileged to remain'. This rather barren constitutional controversy did not create a propitious atmosphere for the interview which the new Adviser on Assyrian Settlement, Major Thomson, who had now arrived in Baghdad *en route* for the Mosul district, succeeded in obtaining with the Mār Shimūn on the 4th June. The Patriarch declined to give Major Thomson a list of names of Assyrian notables with whom Major Thomson should get into touch, and he failed to send him a promised alternative to the 'Irāqī Government's settlement scheme'.<sup>1</sup> 'I regret', Major Thomson subsequently reported, 'that our meeting was very definitely unproductive of any form of working agreement.'<sup>2</sup> In this policy of obstruction the Mār Shimūn 'was very successful, for when Major Thomson came to Mosul at the beginning of June he received only one application for settlement'.<sup>3</sup> The 'Irāqī Government now retaliated by detaining the Mār Shimūn in Baghdad<sup>4</sup> against his will. 'There was no legal order, but he was advised by the Minister not to leave Baghdad, and he remained at the Y.M.C.A. until the end of August, when he was expelled from 'Irāq under a departmental decree of extremely doubtful validity.'<sup>5</sup>

The forcible detention of the Mār Shimūn was decided upon not only against the advice of the British Ambassador, Sir Francis Humphrys,<sup>6</sup> who was at that time absent in Europe in the suite of King Faysal, but also against the declared wish of the King himself. 'The King had telegraphed that Mār Shimūn ought to go back to Mosul whether he signed any acknowledgement or not, and that so angered the Cabinet that some of the Ministers threatened to resign.'<sup>7</sup> The responsibilities for this quarrel at Baghdad between the Assyrian Patriarch and the 'Irāqī Arab Government were appraised, and the consequences estimated, in the following terms by the Archbishop of Canterbury, speaking in the House of Lords at Westminster on the 28th November, 1933, after the catastrophe in the Mosul district had taken place:

I have seen all the documents, both on the side of the 'Irāq Government and on the side of the Patriarch, and I can only say, of the proceedings at Baghdad at that time, that if there was some obstinacy on

<sup>1</sup> See the correspondence between Major Thomson and the Mār Shimūn in the Mār Shimūn's Report, p. 1801; and Major Thomson's Report of the 28th September, 1933, in *League of Nations Official Journal*, December 1933, pp. 1831-2. <sup>2</sup> *Op. cit.*, *loc. cit.* <sup>3</sup> Stafford, *Lecture*, p. 240.

<sup>4</sup> 'Irāqī Blue Book, Nos. 43, 51, and 59-61.

<sup>5</sup> Stafford, *Lecture*, *loc. cit.*

<sup>6</sup> Statement by the Archbishop of Canterbury in the House of Lords at Westminster on the 28th November, 1933.

<sup>7</sup> Stafford, *Lecture*, p. 240.

one side there was most unwise and unfair pressure on the other. The point of it was that the Patriarch was to abandon all claim to temporal power. As I understand it, he has made no such claim for temporal power in the ordinary sense, but he has asked, as being head of this church and nation, that he should be the organ through which their complaints should reach the 'Irāq Government, and through which the 'Irāq Government would give its orders and directions to the people. The exercise of temporal authority only meant the request that he should be allowed to continue that secular aspect of his office. It is one thing, my Lords, to be willing to come to a friendly agreement as to the manner in which a peculiar position of this kind should be exercised. It is another thing to ask the Patriarch to sign a document, which otherwise he would be perfectly willing to sign, when he is told that that would be interpreted as abandoning this secular position among his people. At any rate, on his declining to do what the 'Irāq Government pressed him to do, he was compulsorily detained at Baghdad. That was a most unfortunate and unwise decision on the part of the 'Irāq Government. . . . Incensed by this treatment of their Patriarch, some of the most eagerly loyal and hot-headed Assyrians took arms, especially under a young and eager chief called Yāqū.

The next chapter in the tragedy—of which the scene now shifts from Baghdad to the Mosul district—may be told in the words of the Administrative Inspector, Mosul, Colonel Stafford:

Yāqū,<sup>1</sup> an ex-Levy officer, who had shown good service, a brave man but hot-headed to a degree, had been touring the country on pro-Mār Shimūn propaganda with a rather large armed following in order to combat the anti-Mār Shimūn propaganda which the local officials had been carrying out. His behaviour was disturbing not only the Assyrians, but the Kurds in that neighbourhood. He was told to come into Dohūk to explain his conduct, but refused. A very serious situation then arose. The Government had to bring him in by force and risk a conflagration, or abdicate its functions. It was decided to bring him in by force, and the Army was sent up. The Assyrians were told [that] any action would be against Yāqū and not against the Assyrians as a whole. Fortunately I was able to go out and bring him in at the last moment [on the 26th June] and the crisis passed, but then further difficulties arose. The Minister of the Interior had approved of the terms on which he should come in. Actually the Government tried to go back on these terms and to levy a rifle fine on the Assyrians. This would have meant trouble, because the Assyrians were frightened of disarmament more than anything else. They would have resisted, there would have been bloodshed, and the 'Irāqī Government would have been in the wrong. I had to say that as I had given a promise to Yāqū which could not be avoided, I had no alternative but to resign if the promise was broken. Finally the Government gave in.<sup>2</sup>

On the 5th July, Yāqū signed an undertaking to keep the peace

<sup>1</sup> *Anglice* Jacob.—A. J. T.

<sup>2</sup> Stafford, *Lecture*, p. 240.

and Dean John Panfil—an Anglican missionary of American nationality who was resident in Mosul—went bail for him.<sup>1</sup>

In the meantime, Major Thomson had arrived in the north and had formed an estimate of the local situation which he subsequently put on record:

It must not be assumed that the Assyrian people in 'Irāq are in fact a homeless and destitute people. They describe themselves as refugees and homeless mainly because they are not living in their old mountain homes across the Turkish border, and from my experience they certainly cannot claim, as a people, to be destitute. Very many Assyrians have occupied their villages, and lived there prosperously and contentedly, for thirteen years. Many more have lived and earned their living in cities and towns of 'Irāq since the days of the Ba'qubah refugee camp. More, again, are normally of a nomadic temperament, and move with their flocks of sheep seasonally through Mosul Liwā. For settlement purposes I would therefore divide the Assyrians into three groups: (a) townsmen; (b) agriculturists; (c) pastorals. Prolonged residence in Ba'qubah and Mindan refugee camps has gone far towards the conversion of a proportion of a race of mountaineers to a people preferring the comforts and attractions of a town life, and this is especially evident amongst the younger generation of Assyrians.<sup>2</sup>

Out of some 3,500 families of Assyrians, then resident in 'Irāq, whose original homes lay on the Turkish side of the Turco-'Irāqī frontier, Major Thomson reckoned that 2,381 families (11,905 persons) had been allotted land in 'Irāq already, leaving a balance of 1,119 families unsettled. In his belief it was 'highly improbable that more than 400 of these families would wish to become either agriculturists or stock-breeders. The remainder' were 'townsmen bred and born.'<sup>3</sup> The smallness of the number of the Assyrians genuinely awaiting settlement was fortunate, for

On investigation of local land conditions, I was faced by the definite fact that there was little or no land certainly belonging to Government which would fulfil the requirements demanded by the Assyrians—namely, mountainous country with fertile valleys and running water. Again, it was impossible to settle these people in homogeneous groups of villages and at the same time conform with the decision of the League

<sup>1</sup> 'Irāqī Blue Book, No. 62.

<sup>2</sup> Major Thomson's Report of the 28th September, 1933, in *League of Nations Official Journal*, December 1933, p. 1835.

<sup>3</sup> Thomson, *op. cit.*, p. 1841. The Assyrians objected that Major Thomson's figures were based on information, supplied by the 'Irāqī Government, which he had accepted at its face value. If there was any substance in this complaint, the fault lay very largely with the Mār Shimūn and the Assyrians themselves who had refused to co-operate with Major Thomson, and had thereby made it virtually impossible for him to check the official Government figures by direct investigations on his own account.

—namely, 'that the existing rights of the present population shall not be prejudiced'.<sup>1</sup>

Even so, Major Thomson's report gives the impression that the necessary land for genuine settlers could still have been found if the work had not been obstructed by political difficulties.

On questioning the Assyrian villagers as regards their settlement, the chief answer, with few exceptions, was the same: 'We are refugees, and, unless we are told by the Mār Shimūn to settle, we remain refugees.' This attitude, undoubtedly fostered by the Mār Shimūn's orders, was bound to lead to an impasse. Further discussion with these people emphasized the opinion [that] I had already formed—namely, that the Mār Shimūn and/or his representatives had not fully and clearly explained to the Assyrians generally his failure to win the agreement of the League of Nations to the claims [that] he had submitted.<sup>2</sup>

In the opinion of the British Administrative Inspector at Mosul,<sup>3</sup> the 'Irāqī Government had also culpably neglected to make public the terms of the League Council's decision of the 15th December, 1932.

In the hope of breaking the deadlock, about a hundred Assyrian notables, of both the pro- and the anti-Mār Shimūn factions, were convened at Mosul and were there addressed successively by the Arab Acting Mutassarif, Khalil 'Azmī Beg, the British Administrative Inspector, Colonel Stafford, and the British Settlement Advisor, Major Thomson, on the 10th July, 1933.<sup>4</sup> The Mutassarif explained the sense of the League Council's resolution of the 15th December, 1932 (which he caused to be recited to his hearers in a Syriac translation); and he underlined the fact that, in the 'Irāqī Government's eyes, the Assyrian maliks were on the same footing as the Kurdish and Arab chiefs, and that it was the Government's policy not to recognize any of these dignatories as political or administrative authorities. Colonel Stafford told the meeting that 'Assyrians must either recognize that they are 'Irāqī citizens enjoying the same rights and obeying the same laws as other inhabitants . . . or they must be prepared to leave the country.' There was, he said, 'no middle path'. But he went on at once to make it clear that these alternative paths were very far from being equally easy to follow. Major Thomson's land settlement scheme did afford an opportunity—albeit a last opportunity—for landless Assyrian residents in 'Irāq to obtain lands and cultivating rights in the country. On the other hand, the fact that the 'Irāqī Government were prepared to give all facilities to Assyrians who

<sup>1</sup> Thomson, *op. cit.*, p. 1833.

<sup>2</sup> Thomson, *op. cit.*, p. 1832.

<sup>3</sup> Stafford, *Lecture*, pp. 240-1.

<sup>4</sup> Colonel Stafford's Report of the 11th July, 1933, enclosing texts of the three speeches, is printed in 'Irāqī Blue Book, No. 63, with enclosures.



wished to leave 'Irāq carried with it no guarantee, and, more than that, no likelihood, that intending Assyrian emigrants from 'Irāq would be accepted as immigrants by other countries. This point, which had been made already by the Mutasarrif, was taken up by Colonel Stafford and enlarged upon, and the British Administrative Inspectors' advice to the Assyrians was summed up in his peroration.

In conclusion I have to say that the time has now arrived for you to decide once and for all whether you are going to stay in 'Irāq or not. In my opinion—and I am earnestly seeking your interests—you cannot do otherwise than stay.

Thereafter Major Thomson went into the question of settlement and at the same time spoke frankly about the Assyrians' relation to the Mār Shimūn and the Mār Shimūn's attitude towards Major Thomson himself.

In the discussion after these speeches, the two Assyrian factions fell foul of one another, and the authorities held separate meetings with either faction on the following day. At the meeting with the pro-Mār Shimūn faction, 'most of the speakers dwelt on the difficulties which they had experienced on their lands. It was clear that they were genuinely worried over lack of security of tenure on privately owned lands. Nearly all the speakers said that the presence of the Mār Shimūn was absolutely necessary if a satisfactory settlement was to be made. It was explained to them that the Mār Shimūn was free to return immediately he signed the . . . acknowledgement required from him by His Excellency the Minister of the Interior. The draft of this reply was translated to them. (The Director-General of Administration had telephoned to the Acting Mutasarrif that he wished this done.) At the same time it was pointed out that the Government was inflexible in its determination not to allow any temporal powers to the Mār Shimūn. To sum up the results of this meeting: Those present acknowledged that they fully understood the policy of the Government; they undertook as long as they were in 'Irāq to obey all the laws and orders of the Government. They retained, however, the right to consult the Mār Shimūn as to whether they should remain in 'Irāq or leave. The Commandant of Police explained that any one who wished to leave 'Irāq could have a *laissez-passer* at once. (The difficulty lay not in this but in obtaining a permit to enter any other country.) It had been pointed out to them that the Government was not compelling any one to apply for settlement or to leave 'Irāq. All that was required was complete obedience to the laws of the land as long as they remained in 'Irāq.'<sup>1</sup>

<sup>1</sup> Colonel Stafford's Report of the 11th July, 1933 ('Irāqī Blue Book, No. 63).

'After the second day's meeting, four of the leaders of the pro-Mār Shimūn party were asked to stay behind, and it was suggested to them that they should go to Baghdad and try to induce the Mār Shimūn to sign the . . . acknowledgement required of him by the Minister of the Interior so that he might come back and co-operate with Major Thomson. After some discussion, two of them said they would go, namely Yāqū and Lōcō,<sup>1</sup> Malik of the T'khūmā. They left, and we thought they had gone to Baghdad, as they asked Major Thomson which was the best hotel there. They did not go to Baghdad but to Syria.'<sup>2</sup>

The subsequent defence which was offered for this move on the part of these two Assyrian notables was that they had just been offered a choice between two alternatives and that they were simply exercising the freedom of choice that had been granted to them. On the other side, it must be observed that their departure to Syria, instead of to Baghdad, was contrary to their declared intentions; and that they did not inform the authorities at Mosul of this abandonment of the plan which had been expressly agreed upon. Moreover, Colonel Stafford, in his speech, had specifically mentioned the difficulties in the way of emigration to Syria in the following terms:

As you are aware, the French authorities in Syria already have the problem of the Armenian refugees. They have no land to offer Assyrians. It is true that young Assyrians might be able to obtain employment in the French Colonial armies, but let me tell you that such service is hard in the extreme. Nor would there be any future for such men in Syria, while the 'Irāq Government would naturally be unwilling to allow their return to 'Irāq.

Colonel Stafford had added that his audience might check this statement by asking the French Consul in Mosul. At Mosul, however, no *visa* for immigration into Syria was applied for by an Assyrian at the French Consulate, and no *laissez-passer* was asked for from the 'Irāqī police.<sup>3</sup> The next that is known of the Assyrians' movements is that on the 17th July, 1933,<sup>4</sup> Yāqū and Lōcō presented themselves at the office of the French Deputy Inspector of Special Services in Syrian territory at 'Ayn Diwār (*Gallice* Andivar); informed him that

<sup>1</sup> *Anglice* Luke.—A. J. T.

<sup>2</sup> Colonel Stafford's lecture to the Royal Central Asian Society, p. 241.

<sup>3</sup> Colonel Stafford's communications of the 20th and 23rd July, 1933, in 'Irāqī Blue Book, Nos. 65 and 73.

<sup>4</sup> This is the date that is given by the French authorities; and the 'Irāqī Blue Book, No. 67, also states that Yāqū went to Syria on the 17th, though it assigns his interview with the French Deputy to the following day. On the other hand, Colonel Stafford (*Tragedy*, p. 144) states that Yāqū did not leave Mosul till the 18th July.

500 armed Assyrians were at that time encamped between the right (west) bank of the Tigris and the right (south) bank of the Sufan Dere, which at that moment constituted the frontier between 'Irāq and Syria; and asked for permission to cross into Syrian territory.<sup>1</sup> Upon referring to the French High Commissioner at Bayrūt, the French Inspector at 'Ayn Diwār received instructions, on the 19th July, to refuse the Assyrians' request; and these instructions were communicated simultaneously, for information, to the 'Irāqī authorities at Baghdad and Mosul.<sup>2</sup> It was not until the 21st July that the 'Irāqī authorities ascertained that almost all the Assyrians of military age<sup>3</sup> had disappeared from their villages in the Dohūk, 'Amādiyah and Shaykhan districts;<sup>4</sup> and it was only on the 22nd that they observed Assyrians in the act of crossing the Tigris.<sup>5</sup> Meanwhile, on the 21st, 500 armed Assyrians who had been on the west side of the Tigris since the 17th crossed the Sufan Dere into Syrian territory.<sup>6</sup> On this occasion, the French authorities succeeded in inducing them to withdraw; but after they had been reinforced on the 22nd by 200 more comrades in arms from the east bank of the Tigris, they threatened to cross the Sufan Dere again by force. Thereupon, on the 23rd, the French took the decision not to

<sup>1</sup> Memorandum of the 14th September, 1933, from the French Government to the Secretary-General of the League of Nations, printed in the *League of Nations Official Journal*, October 1933, pp. 1114-17. The territory between the Tigris and the Sufan Dere, on which the Assyrians had encamped, was due to be transferred from 'Irāq to Syria upon the completion of the demarcation of the rectified frontier between the two states (see section (viii), below), but the work of demarcation was not completed by the International Commission until the 31st July, and a series of communications, beginning on the same date, from the French authorities to the 'Irāqī Government, about the question of transfer received no reply. Eventually the French simply occupied the territory at 3.0 p.m. on the 5th August (i.e. on the day after the Assyrians had evacuated it by recrossing the Tigris).

<sup>2</sup> French Government, *op. cit.*

<sup>3</sup> Stafford (*Tragedy*, p. 147) makes the following observations on this point: 'When the Assyrians moved into Syria they left their families behind in the villages unprotected. This proves two things—first, that they had certainly no war-like intentions; second, with equal certainty they felt no anxiety as to the safety of their women and children in 'Irāq. In this the event proved them to be correct; until fighting at Fēsh Khabūr on the 4th August had completely altered the situation, no instance of the slightest aggression against these Assyrian villages occurred.'

<sup>4</sup> 'Irāqī Blue Book, Nos. 66 and 73.

<sup>5</sup> 'Irāqī Blue Book, No. 67. The telephone message from the Qā'im-maqām of Zākhō, from which this document is an extract, appears to be assigned to the 21st July, instead of the 22nd, by Stafford, *Tragedy*, p. 147. Stafford, *op. cit.*, p. 150, states that it was not until the 27th July that the 'Irāqī authorities began to stop the Assyrians from crossing to the west bank of the Tigris, and that, even then, the embargo was only put on at the instance of the French authorities.

<sup>6</sup> French Government, *op. cit.*

use force, on their side, in order to keep the Assyrians out of Syria, but to require any Assyrians who did enter Syria to lay down their arms—'such arms to remain in the hands of the mandatory authorities so long as these individuals stayed in the territory placed under the control of those authorities'.<sup>1</sup> These instructions were likewise communicated, for information, to the 'Irāqī and the British Governments.<sup>2</sup> On the 23rd, again, the 'Irāqī Government requested the French Government<sup>3</sup> that any Assyrians who did enter Syria should be disarmed and kept at a distance from the frontier, in accordance with Article 6 of the Franco-'Irāqī Agreement of 1927<sup>4</sup> for dealing with the frontier tribes. At the same time the French authorities, after consulting the British Consul-General at Bayrūt, decided to give the Assyrians on the west bank of the Tigris facilities for obtaining food supplies in Syrian territory. Thereafter, 'in the night of the 29th–30th July, 413 Assyrians crossed the Sufan Dere and entered Syrian territory. The local mandatory authorities immediately carried out the instructions issued by the High Commissariat on the 23rd July and ordered the refugees to hand over to them their arms, consisting of 336 military rifles and 13,000 rounds of ammunition.'<sup>5</sup> . . . On the 2nd August, the events of the 29th–30th July were reported by the French Inspector, Captain Larrieste, to an 'Irāqī official, Makkī Beg.<sup>6</sup> The latter requested that the 'Irāqī authorities should be given reasonable warning if the French decided to return to the Assyrians the arms which they had impounded; and Captain Larrieste noted the request in writing.<sup>7</sup> On the 4th August some of the Assyrians held a parley with an 'Irāqī official at Khanik police post, between the Sufan Dere and the Tigris, and announced their desire to return to 'Irāq. They were made to understand that they could do so, but only on condition that they surrendered their rifles.<sup>8</sup> The Assyrians who were encamped on the Syrian side of the Sufan Dere then informed the French authorities 'that they intended to return to 'Irāqī territory, and asked that their arms should be restored to them. This request

<sup>1</sup> *Op. cit.*<sup>2</sup> *Op. cit.*<sup>3</sup> 'Irāqī Blue Book, No. 68.<sup>4</sup> See the *Survey for 1928*, pp. 337–8.<sup>5</sup> French Government, *op. cit.*<sup>6</sup> 'Makkī Beg, incidentally, had with him an assistant Political Officer, Lazar Efendī, an Assyrian, who was Mudir of Dohūk. Another Assyrian, Ezra, who was an Assistant Commandant of Police, and a man of the highest reputation, had been appointed to act as Qā'im-maqām at Dohūk in the absence of Makkī Beg. It was hoped that these appointments would reassure the Assyrians of the good intentions of the civil authorities.'—Stafford, *Tragedy*, p. 152.<sup>7</sup> 'Irāqī Blue Book, Nos. 86 and 89; Stafford, *Tragedy*, pp. 152–3.<sup>8</sup> 'Irāqī Blue Book, No. 89.

was complied with.<sup>1</sup> Thereupon the whole body of émigrés concentrated in the angle between the Sufan Dere and the Tigris; and by 6.0 p.m. on the same evening they were recrossing the Tigris, from the western to the eastern shore, about 500 yards above Fēsh Khabūr.<sup>2</sup> On the eastern shore the 'Irāqī Army was in position, ready to receive them.

It has been mentioned above<sup>3</sup> that towards the end of June, when Yāqū was showing himself recalcitrant, a detachment of the 'Irāqī Army was sent north to hold itself in readiness for dealing with him. Towards the close of July, after the crossing of the Assyrian émigrés to the right bank of the Tigris, this force was moved from the Dohūk district to the line of the Tigris, and was instructed<sup>4</sup> to prevent the Assyrians—by the use of force, if necessary—from recrossing the river<sup>5</sup> before they had surrendered their arms. These movements of troops reflected a change of policy, and perhaps, even more, a change of temper, on the 'Irāqī side. Up to the summer of 1933, 'the great majority of responsible 'Irāqī officials and others' had desired 'that the Assyrian question should be settled in a peaceful manner, and that the Assyrians should become contented citizens of the country'.<sup>6</sup> In the course of the summer this attitude changed. 'Ministers and others in Baghdad became irritated with what they called the obstinacy of the Mār Shimūn, and decided that the Assyrian question must be settled once and for all, and that the only way was to teach the Assyrians a very severe lesson. . . . One official, who had been governor of the province of Arbīl the year before and was now Minister of Defence, had recommended in all seriousness that the Kurds should be turned on the Assyrians as a solution of the problem. The Assyrians, of course, recognized this general lack of sympathy. They did not realize that it was largely their own fault. At any rate, it existed, and they were frightened.'<sup>7</sup> This fear was presumably the motive which led the followers of Yāqū and Lōcō to evacuate their villages and trek to the western bank of the Tigris; but the Assyrian trek, in its turn, had a stiffening effect upon the attitude of the 'Irāqī authorities. The Government not only issued to the Army the instructions above-mentioned; they also 'declined to accede to

<sup>1</sup> French Government, *op. cit.*

<sup>2</sup> 'Irāqī Blue Book, No. 89.

<sup>3</sup> In the passage from Colonel Stafford's letter quoted on p. 155. See further the 'Irāqī Blue Book, Nos. 49 and 52.

<sup>4</sup> 'Irāqī Blue Book, Nos. 70, 72 and 75.

<sup>5</sup> The formula used was not 'recrossing the river' but 're-entering 'Irāq', the 'Irāqī authorities were, however, erroneously assuming that the whole of the territory, west of the Tigris, where the Assyrians were encamped, was already in Syrian territory.

<sup>6</sup> Stafford, *Lecture*, p. 243.

<sup>7</sup> Stafford, *op. cit.*, *loc. cit.*

British requests for the removal from the Northern Command of Bakir Sidki Beg,<sup>1</sup> the General Officer Commanding, on the ground that he was a notorious anti-Assyrian<sup>2</sup> and that his presence at the head of the 'Irāqī Army in that area was a standing provocation'.<sup>3</sup> In the opinion of the British observer here quoted, however, 'the 'Irāqī Government's refusal to remove him was reasonable. The only danger threatening the state was in the North, and as Bakir was one of the best 'Irāqī serving generals, why should he be removed?'<sup>4</sup> . . . It was the first occasion on which Arab troops had come in conflict with the much-vaunted Assyrians. The Arabs themselves were doubtful, having for fifteen years been hypnotized into an inferiority complex *vis-à-vis* the Assyrians. Moreover, they knew well that the Kurds were watching closely, and if a signal initial success had been gained by the Assyrians the whole of Kurdistan might have gone up as well. . . . For them it was absolutely essential, the Yāqū rebellion having begun, to strike down the Assyrians once and for all. The Assyrians, on their part, never anticipated that the Arab Army would beat them in a straight fight.' This was the military and political situation on the evening of the 4th August, 1933, when the Assyrian émigrés were recrossing the Tigris under arms.

The outbreak of the fighting, that evening, may be described in Colonel Stafford's words:

It has apparently been taken for granted that it was the Assyrians who deliberately attacked the Army. Let me say right away that I do not know who opened fire. I have had more opportunities than any body else for making inquiries, but I do not know. It would be quite unfair to say [that] the Assyrians opened fire. Practically all who crossed the river in the first place had no intention but to surrender. On the

<sup>1</sup> King Faysal himself seems to have promised to have Bakir Sidki Beg transferred.—A. J. T.

<sup>2</sup> For the personal grounds of Bakir Sidki Beg's anti-Assyrian sentiments, see Stafford, *Tragedy*, p. 125.

<sup>3</sup> Note on 'Irāq and the Assyrians, 1932-3, dated the 29th September, 1933, by E. Main, the special correspondent of *The Daily Mail* in 'Irāq, printed in the *Journal of the Royal Central Asian Society*, vol. xx, pp. 664-74. The present passage will be found on p. 669. Compare Stafford, *Lecture*, p. 245, and *Tragedy*, pp. 137-8.

<sup>4</sup> This argument would appear to postulate an assumption, on the part of the 'Irāqī Government, that an armed conflict with the Assyrians was ultimately inevitable. On the other hand, there seems to be no ground for supposing that the Government did abandon the hope of a peaceful settlement until the very eve of the catastrophe; and, on this showing, it was a serious error of judgment to leave Bakir Sidki Beg in command at Mosul; for, while he might be the best officer at the Government's disposal for coping with an Assyrian insurrection if it did break out, he was the worst possible choice for a Government which aimed at disarming the Assyrians' suspicions and winning their regard.—A. J. T.

other hand, we know [that] Yāqū would have done anything to stop this surrender, and he may have sent somebody with these people who were crossing the river to open fire and cause an incident. On the other hand, it would be unfair to say [that] the 'Irāqī Army opened fire, though we know [that] the officers were determined [that] the Assyrians should not escape a second time, as they considered [that] they had escaped by the peaceful solution of the Yāqū affair.<sup>1</sup>

Whichever side started the fighting, it is beyond question that, after the first shot had been fired, it was the Assyrians that took the offensive. In the course of the evening of the 4th August, 1933, and the following night, they delivered two successive attacks. 'The 'Irāqī Army seems to have fought reasonably well, and only one picquet was lost. The Assyrians, when they realized that they had failed in their attack—and they must have been extremely surprised, because they had the greatest contempt for the 'Irāqī Army—returned, the great majority of them, to Syria, where 533 were interned. . . . The others tried to get to their villages as quickly as possible. They had no further intention of fighting.'<sup>2</sup>

After this negative yet decisive victory, the 'Irāqī Army 'took the bit between its teeth'.<sup>3</sup> 'On the 7th August, it was clear that the situation was out of the control of the civil authorities';<sup>4</sup> and on the 11th August, at the village of Sīmel, between Fēsh Khabūr and Dohūk, the troops killed about 320 Assyrians, including six women and ten children, in 'a methodical massacre' of all the men and boys whom they could find.<sup>5</sup> The blackness of this crime was deepened by the fact that the Assyrian population of the district had taken refuge at Sīmel, from the villages round about, in order to be under the protection of the local 'Irāqī police post, and had then surrendered their arms, on the 9th, upon an official assurance that, if they complied, they would be safe under the protection of the 'Irāqī Government.<sup>6</sup> It was in these circumstances that the victims of the 11th August were taken unawares and butchered in cold blood by the 'Irāqī regular forces; and, not content with the butchery, the 'Irāqī military authorities called in the Kurds, and even the Shammar Arabs from across the Tigris, to loot. 'The Kurds behaved better than . . . expected'; yet no less than 60 Assyrian villages were looted out of 64 in the qadās of Dohūk and Shaykhan.<sup>7</sup> About 600 Assyrians lost their lives in all, and of

<sup>1</sup> Stafford, *Lecture*, pp. 243–4.

<sup>2</sup> Stafford, *op. cit.*, *loc. cit.*

<sup>3</sup> Main, *op. cit.*, p. 670.

<sup>4</sup> Stafford, *op. cit.*, p. 245.

<sup>5</sup> A full and authoritative account of this Sīmel massacre, and of the statistically smaller atrocities that preceded and followed it, will be found in Stafford, *Tragedy*, chap. xi.

<sup>6</sup> Stafford, *Lecture*, pp. 245–6.

<sup>7</sup> Stafford, *op. cit.*, p. 247; *Tragedy*, chap. xii.

these only 'some twenty were killed in the fighting at Fēsh Khabūr. The remainder were killed in cold blood, the great majority by the Army.'<sup>1</sup> 'The Qā'im-maqām of Dohūk, the chief local government officer in the area and only a few miles distant from Sīmel, did not learn of the massacre until the 16th, on which date the Minister of the Interior, who was then in Mosul, also got the first news of what had happened. Baghdad having become somewhat uneasy and having asked him to investigate. He went to Sīmel and at once hurried back to Mosul, giving instructions for medical and every other kind of assistance to be sent up';<sup>2</sup> and, 'though he was too late to stay the massacre at Sīmel, he was in time to stop the shootings which were taking place at Dohūk and to prevent the even bigger massacre which had been planned by the Army to take place at Al Qōsh'.<sup>3</sup> The police, in Colonel Stafford's opinion, 'were not concerned in any serious crime, but they were extremely incompetent generally. The Army were the only people responsible for the murders. It has been said by various people in various places (by the 'Irāqī delegation at Geneva, for example) that these murders have merited and have received the severest condemnation. Actually the officers concerned were praised and promoted. Bakīr Sidkī, on his return to Baghdad, motored through the streets of the town amid the enthusiastic plaudits of the crowd, seated on the right hand of the Prime Minister. However much 'Irāqīs may deplore the excesses, and in private very many 'Irāqīs have expressed their genuine disgust, nobody has said publicly in 'Irāq that the Army behaved otherwise than well.'<sup>4</sup>

The respective reactions of the 'Irāqī Arabs and the British residents in 'Irāq to these events are thus described by a British observer who was in 'Irāq at the time:

What every Muslim realized was that, Sīmel or no Sīmel, the Assyrian bubble was finally burst. The first days of August proved conclusively that in open fight the Arab troops were as good as the Assyrians. Moreover, whatever one's views about the Sīmel incident may be, there is no doubt that it clinched the matter—to use a grisly pun, the Assyrians were 'settled'. To-day in 'Irāq the Assyrians are like the Chaldaeans or the Armenians or any other Christian minority. Their spirit is gone—although it is conspicuously notable how loyally the Assyrians actually serving in the Levies have stood fast. They have not been shaken at all, although naturally they have been rather nervy. Muslim opinion among the more intelligent people was distinctly relieved. Among the lower classes there was evidence of great exaltation. . . . Private British

<sup>1</sup> Stafford, *Lecture*, pp. 246–7. The Army's responsibility for these atrocities is brought out very clearly in Stafford, *Tragedy*, chap. xi.

<sup>2</sup> Main, *op. cit.*, p. 671.

<sup>3</sup> Stafford, *Lecture*, p. 245.

<sup>4</sup> *Op. cit.*, p. 247.



opinion in 'Irāq I found to be rather mixed. Personally, most of the British people were blazing with indignation over Simel. The business community, however, was inclined to take the view that there was much to be said for the official policy that Britain had adopted.<sup>1</sup>

This official policy—which the British observer, here quoted, describes as 'the British policy of whitewash'<sup>2</sup>—was evidently not the line which the 'Irāqīs themselves at first expected the British Government to take.

The 'Irāqī in the North, whether Christian or Muslim, believed [that] there would be intervention by the League of Nations or by Great Britain, because, whatever may be said of the meaning of the term 'moral responsibility', he knew [that] the Assyrians claimed to be our friends and expected to be helped by us. This intervention they were prepared to resist at any cost. Their best weapon was the threat of massacre, because in Mosul—a town of a hundred thousand people—there were ten thousand Christians. These had done nothing, but the threat of massacre was a trump card. It was not a religious matter, but simply that the Christians as such were thought to be politically a weak link in the unity of 'Irāq. The Minister of the Interior himself said to me at that time: 'If there is any attempt at interference or to seek revenge here, worse things will occur than have already occurred.' He meant what he said. It may not have been very noble, but I think we had no alternative but to give in.<sup>3</sup>

The British Government did, in fact, very quickly make up their mind not merely to refrain from any intervention in 'Irāq on their own part, but also to assist the 'Irāqī Government to put the best possible face upon the situation at Geneva; and it seems probable that, in coming to this decision, British statesmen were actuated by other motives besides an anxiety to avoid precipitating further massacres of the Assyrian and other Christian minorities in the Mosul vilāyet. Both the British Government and certain powerful British business concerns had interests in 'Irāq which they were eager to preserve. The Government wished to maintain the air-bases on 'Irāqī territory which were links in the chain of the military and commercial air route from Great Britain to India and Australia; the 'Irāq Petroleum Company wanted to enjoy the benefit of the concession which it had received from the 'Irāqī Government.<sup>4</sup> In the nineteenth century, such considerations might have led a British Government to jump at the pretext offered by the Simel massacre for reversing the policy of 1929, and perhaps even the policy of 1920, and virtually annexing 'Irāq to the British Empire; but this form

<sup>1</sup> Main, *op. cit.*, pp. 672-3.

<sup>2</sup> *Op. cit.*, p. 673.

<sup>3</sup> Stafford, *op. cit.*, p. 250; cf. Stafford, *Tragedy*, pp. 202-4.

<sup>4</sup> See the following sub-section.

of Imperialism—as practised, for example, during the nineteenth century, in India—required the employment of military force; and in 1933 this force was not at the British Government's command; for the British voter and taxpayer, as has been remarked above,<sup>1</sup> no longer saw any glamour in the exercise of political dominion over Oriental countries; and he had only acquiesced in the British Government's assumption of mandatory responsibilities in 'Irāq on the tacit understanding that these responsibilities should be liquidated at the earliest opportunity and, in the meantime, should involve the Government's constituents in the United Kingdom in no appreciable liabilities, either military, political or financial. It was this pressure on the home front that had made the Mandatory Power impotent to resist the pressure of 'Irāqī Arab Nationalism; and it was the consciousness of this impotence that had moved the British Government to take the risk of insisting upon a liquidation of the mandatory régime by the year 1932. Given the actual state of British feeling at home and of Arab feeling in 'Irāq, the only chance of saving either British 'face' or British interests in 'Irāq seemed to lie in getting, and keeping, 'on the right side of' the strongest native political force in the country—whether or not the 'Irāqī Arab community was yet completely equal to contending with 'the strenuous conditions of the modern world'. The truth was that, while the British Government had received a formal mandate for 'Irāq from the Principal Allied and Associated Powers, *quorum pars magna fuerat ipsa*, they had never received a whole-hearted mandate from the electorate of the United Kingdom, and had therefore been in a false position from first to last. After staving off an exposure, at the cost of incurring an ever greater risk, during the twelve years ending in 1932, the ex-Mandatory Power lost its 'face'—though not its material interests in 'Irāq—through the tragedy of August 1933. It may also be observed that the scene of this tragedy was the Mosul district, which the British Government had insisted, in 1923–6, upon including within the frontiers of the unfledged successor-state of the Ottoman Empire for whose good behaviour they had assumed responsibility.

It remains to indicate the effect of the events of August 1933 upon the British position both in 'Irāq and at Geneva, and to record the next chapter of Assyrian history.

In 'Irāq, the news of the fighting between the 'Irāqī Army and the British Government's Assyrian ex-protégés<sup>2</sup> raised a wave of

<sup>1</sup> See pp. 111–13, above.

<sup>2</sup> The Assyrian Levies, as well as the 'Irāqī Army, had received their military training from British hands. 'The Assyrians as a whole constituted a large

anti-British feeling. 'Not even during the rebellion of 1920 had there been such a fierce wave of anti-British feeling in the country.'<sup>1</sup> 'The British Army officers were boycotted by the 'Irāqī officers, and everything was done to make things as uncomfortable for the British as possible';<sup>2</sup> and this hostility was sharpened, after the Sīmel massacre, by the expectation of British intervention. 'The excitement calmed down at the end of the month when it was known that there would be no intervention',<sup>3</sup> and when the 'Irāqīs began 'to see that they must depend on British support at Geneva in any League inquiry into Assyrian affairs'.<sup>4</sup> But the outcome, as it appeared at the beginning of 1934, was estimated as follows by one of the Englishmen most intimately concerned:

There is no doubt that, as a result of what has happened, the League of Nations and Great Britain have suffered enormously in prestige in 'Irāq, for the dwellers in 'Irāq think that we have let down our friends. 'Irāqī politicians may pay lip service to the assistance [that] we gave them in Geneva, but the rank and file think otherwise.<sup>5</sup>

At Geneva, the events of August 1933 in the Mosul district were brought to the attention of the Council of the League of Nations by the action of the Mār Shimūn.

On the 17th August, a deportation order was served upon the Mār Shimūn—who was then still living, in virtual internment, in the Y.M.C.A. hostel at Baghdad—by an 'Irāqī police inspector; and the Mār Shimūn thereupon acquiesced in being transported, in a British military aeroplane, to the British territory of Cyprus,<sup>6</sup> as an alternative to being forcibly evicted from the territory of 'Irāq by the 'Irāqī police.<sup>7</sup> He arrived in Cyprus on the 21st August, 1933,

tribal federation, more formidable than any of the great tribes in 'Irāq, by reason of their numbers—over six thousand fighting-men well armed with modern British rifles, for the most part highly trained in the arts of war by long service in the levy force maintained by the British Government, and led, even after discharge, by their own former trained Assyrian officers; their martial qualities were constantly vaunted in the publications of their friends.'—Statement made on the 14th October, 1933, before the Council of the League of Nations, by the representative of 'Irāq, Yāsīn Pasha al-Hāshimī.

<sup>1</sup> Stafford, *Tragedy*, p. 193. For an instance of Colonel Stafford's own personal experience of this anti-British feeling, see *Tragedy*, p. 205.

<sup>2</sup> Stafford, *Lecture*, p. 249.

<sup>3</sup> *Op. cit.*, p. 250.

<sup>4</sup> Main, *op. cit.*, p. 673.

<sup>5</sup> Stafford, *Lecture*, p. 251.

<sup>6</sup> From 1925 to 1930 Cyprus had already afforded an asylum for another Middle Eastern dignitary, King Husayn of the Hijāz, who, like the Mār Shimūn, had been the victim partly of British policy and partly of his own contrariness (see the *Survey for 1925*, vol. i, Part III, section (v)).

<sup>7</sup> For the deportation of the Mār Shimūn from Baghdad to Cyprus, see his own account in the *League of Nations Official Journal*, December 1933, pp. 1810–11, and Lord Hailsham's account which was given in the House of Lords at Westminster on the 28th November, 1933.

and despatched to Geneva a series of petitions dated the 16th and 30th August, and the 12th and 24th September, in addition to two petitions, dated the 31st July and the 17th August, which he had already succeeded in despatching from Baghdad.<sup>1</sup> The two petitions despatched from Baghdad were referred to a Committee of Three (Mexico, the Irish Free State and Norway); and, on the 31st August, the Committee asked to have the question placed on the agenda of the next Council session. It was dealt with on the 14th October, 1933.

On this occasion, 'Irāq reaped all the advantages of her recently consummated sovereign status. She was enabled to place her version of what had happened before the Council through the mouth of her representative, Yāsīn Pasha al-Hāshimī, without any counter-statement from any representative of the Assyrian minority; and no suggestion was made for an international inquiry,<sup>2</sup> and *a fortiori* none for anything in the nature of a re-imposition of the mandatory régime in the Mosul district.

Yāsīn Pasha had the grace, and the wisdom, to make a confession of guilt:

The recent history of few countries could be innocent of cases in which military officers, even those conscious of great reserves of strength, had in the face of a sudden crisis taken action subsequently adjudged to have been unjustifiably drastic. The inquiries made by the 'Irāqī Government now showed that, in the heat of the action . . . and in the subsequent pursuit, certain elements of the Army had behaved with unjustifiable severity. Between the 8th and 12th August, some parties of tribesmen had taken advantage of the temporary dislocation of the administrative machine to loot a number of villages abandoned by their inhabitants. Innocent persons had inevitably suffered. The 'Irāqī Government did not wish to conceal that excesses had been committed.<sup>3</sup>

Yāsīn Pasha went on to plead that

In the interests of all concerned, the happiness of the Assyrians themselves and the reputation of 'Irāq, it was essential to find a new home elsewhere for the Assyrian immigrants who wished to leave or were unwilling to settle peaceably and to be incorporated finally into the 'Irāqī state—a home where they could make a fresh start. The 'Irāqī Government was prepared to make its contribution, as generous a contribution as its resources permitted, to help them on their way.

<sup>1</sup> Texts of these petitions, together with observations from the 'Irāqī and British Governments, in the *League of Nations Official Journal*, December 1933, pp. 1784-1830.

<sup>2</sup> The suggestion that an inquiry should be instituted by the 'Irāqī Government itself had been quashed by the 'Irāqī Minister of the Interior, Hikmat Beg, after he had personally inspected the scene of the atrocities (Stafford, *Tragedy*, pp. 194-5).

<sup>3</sup> *League of Nations Official Journal*, December 1933, p. 1645.

There was one thing [that] it could not do, and that was to find land. That could only be done by the League of Nations, and to it his Government appealed.

The representative of Great Britain, Sir John Simon, hastened to suggest that 'the apportionment of blame was a somewhat barren proceeding'; and Monsieur Paul-Boncour, the representative of France (a power whose own officers' action on the 4th August, 1933, was not beyond criticism), declared that 'he would follow the advice of the representative of the United Kingdom'. The Council adopted a report, submitted by its *rapporteur* Señor de Madariaga (Spain), in which it was proposed that a Committee of the Council should be set up to arrange 'for the settlement, elsewhere than in 'Irāq, of such Assyrians as might desire to leave the country', and that the 'Irāqī Government should be asked

to keep the Committee regularly informed of the measures taken to ensure the safety of the Assyrians in 'Irāq, to assist the families left destitute in consequence of those events, and to rebuild those villages which have been wholly or partly destroyed through the same events.

The Committee was duly constituted from the representatives of the United Kingdom, France, Italy, Denmark and Mexico, in association with Señor de Madariaga himself.

The Committee's task in respect of the immediate situation of the Assyrians on the soil of 'Irāq was a matter of urgency, according to the testimony of the British Administrative Inspector, Mosul, Colonel Stafford:

When I left Mosul, in the middle of November, no compensation whatever had been paid. Perhaps 5 per cent., at the outside, of the loot had been restored. In twelve villages the houses had been re-roofed. I kept on reporting by telephone and on paper to Baghdad that nothing had been done, but I entirely failed to obtain any result. A British Land Settlement officer was finally sent to Mosul to go into the matter, but his terms of reference were limited and his recommendations have not been carried out. When I left Mosul, out of the sixty-four villages which had been raided, thirty-two were still empty, eight partly, and twenty-four entirely occupied. But even in the occupied villages the Assyrians refused to sow. They had no confidence and were absolutely cowed and dispirited.<sup>1</sup>

On the other hand, substantially effective steps for the restoration of security in the disturbed area were taken by the 'Irāqī authorities;<sup>2</sup> and Major Thomson was provided with facilities and means for opening, on the 21st August, an Assyrian refugee camp at Mosul

<sup>1</sup> Stafford, *Lecture*, pp. 247-8.

<sup>2</sup> 'Irāqī Government's letter of the 21st December, 1933, in the *League of Nations Official Journal*, February 1934, pp. 228-9, confirmed by Stafford, *Lecture*, p. 248.

where more than 1,500 persons were provisionally taken care of.<sup>1</sup> At Geneva, in January 1934, the representative of 'Irāq assured the Committee of the Council '(a) that his Government would maintain the Mosul camp until the scheme had been completely carried out; (b) that it would give the entire Assyrian population the same treatment and the same care as the rest of the population of the country; (c) that it would pay special attention to safety and hygiene'.<sup>2</sup> In the course of the year 1934, an agreement was reached between the French and 'Irāqī Governments under which, in September, the families of the 533 Assyrian fighting-men who had been interned in Syria since the 5th August, 1933, were transferred from 'Irāq to Syria to join their menfolk.<sup>3</sup> The new arrivals numbered between 1,400 and 1,500 persons; and arrangements were made by the French authorities to establish this temporary refugee community of some 2,000 persons, all told, in villages with cultivable land around them from which the refugees could make a livelihood pending their removal to a place of permanent settlement. The 'Irāqī Government contributed a lump sum of £10,000 sterling towards the cost. The 'Irāqī Government took this occasion to intimate to the League Committee that the camp at Mosul might be closed in the near future.<sup>4</sup>

In the meantime, the Committee was exerting itself to provide those Assyrians who wished to leave 'Irāq with a permanent home elsewhere. Through the assistance of the Nansen Office for Refugees, the Committee obtained from a private colonization company, the Parana Plantations, Ltd., 'a plan of settlement which was sufficiently comprehensive to include the whole population which might desire to emigrate'; and on the 9th January, 1934, 'the Brazilian Government informed the Chairman of the Committee that it was prepared to accept the whole of the Assyrians in groups of 500 families a month, as and when the Parana Plantations, Ltd., was able to provide for their settlement'.<sup>5</sup> The Committee proposed, before going further, to invite a British officer, Brigadier-General J. G. Browne, who had

<sup>1</sup> Major Thomson's Report of the 6th December, 1933, in *League of Nations Official Journal*, February 1934, pp. 229-31.

<sup>2</sup> Report of the Committee of the Council, approved by the Council on the 19th January, 1934, in *op. cit.*, p. 227.

<sup>3</sup> One party of these new-comers was stoned, upon arrival, by the local Arabs, and the French Government's agreement to receive them was taken as a grievance in the Syrian Arab press (*Oriente Moderno*, October 1934, pp. 472-3).

<sup>4</sup> Committee's Report of the 28th September, 1934, and French Government's letter of the 26th September, 1934, in the *League of Nations Official Journal*, November 1934, pp. 1513-15 and 1521.

<sup>5</sup> Committee's Report of the 19th January, 1934, in *League of Nations Official Journal*, February 1934, p. 226.

lately been in command of the Assyrian Levies in 'Irāq, to investigate on the spot the conditions in the area offered;<sup>1</sup> the Committee's proposal was adopted by the Council on the 19th January, 1934; and on the 17th May the Committee was able to inform the Council that General Browne's report was favourable. On the 7th June, however, the Committee had to make the further report that, in the interval, 'the Brazilian Constituent Assembly had voted the insertion, in the draft Constitution which it was examining, of a provision stipulating that immigration from any particular country should not exceed in any one year 2 per cent. of the total number of nationals of that country who had settled in Brazil during the last fifty years, and that the concentration of emigrants in any part of the national territory would be prohibited'. By this measure, all hope of settling the Assyrians in Brazil was dispelled; and on the 7th June the Council made an urgent appeal to States Members to furnish the Committee with alternative openings. The Committee at once addressed appeals to the Governments of fourteen countries; and on the 28th September, 1934, it was able to report to the Council that it had received two suggestions: one, on the 22nd September, from the British Government, for a settlement in British Guiana, and another, on the 24th, from the French Government, for a settlement in the bend of the Niger.<sup>2</sup> On this occasion, again, the Committee recommended, and the Council approved, the making of preliminary inquiries on the spot; and no definite conclusion had been reached by the end of the calendar year.

Even if a suitable place of settlement were forthcoming, the problem of financing the operation still remained to be solved; for the amount of the 'Irāqī Government's promised contribution had not yet been specified; the British Government had made an offer, likewise without specifying the amount, on condition that this should be the United Kingdom's contribution to a fund provided by the League;<sup>3</sup> the Council had decided that a League fund was impracticable, and had appealed on the 19th January, 1934, 'to the generosity of Governments and private organizations'; and on the 16th May, in the House of Commons at Westminster, Mr. Baldwin had stated, in reply to a parliamentary question, that he was 'unable to anticipate the nature of the reply of His Majesty's Government to this appeal until a concrete scheme for resettling the Assyrians' had 'been worked out and agreed upon'.

<sup>1</sup> Committee's Resolution of the 16th January, 1934, in *op. cit.*, p. 228.

<sup>2</sup> Texts of British and French communications in the *League of Nations Official Journal*, November 1934, pp. 1515-21.

<sup>3</sup> Committee's Report of the 19th January, 1934, to the Council.

This was the position at the time of writing, in January 1935, some twenty years after the first impact of the General War of 1914–18 upon the Assyrians' homelands.<sup>1</sup> The great social convulsion, which was thus so quick to affect the life of this apparently secluded community, had the effect of bringing the Assyrians once again into intimate contact with their co-religionists of the Western World;<sup>2</sup> and it is curious to compare this second encounter between Nestorian Christendom and Western Christendom with their previous encounter some six and a half centuries earlier.

On that earlier occasion, the relative power and importance and prospects of the two Christian Societies had been strangely different. In the thirteenth century of the Christian era the Western Christians (who were the masters of the early-twentieth-century World and the protagonists on both sides in the General War of 1914–18) had been a remote and backward society, cooped up in one corner of the Eurasian Continent, whereas the Nestorian Christians (who were confined in the early twentieth century to their fastnesses on the watershed between 'Irāq and Azerbaijan) had had a footing in the thirteenth century in almost every part of Asia from the Euphrates to the Hwang-ho and from the Altai Mountains to Cape Comorin. Again, in the thirteenth century it was the Western Christians who were attempting to break out of their narrow bounds in those successive sorties that are remembered as 'the Crusades'; and, at a moment when their forlorn hope was on the verge of its ultimate failure, an unexpected prospect of deliverance was opened up to them by the sudden appearance, above their eastern horizon, of their Nestorian co-religionists in the rôle of secretaries and counsellors and officers in the service of the Mongol world-conquerors of that age.<sup>3</sup> In the twentieth century, on the other hand, it was the Nestorians who looked for deliverance to the far-ranging armies of a

<sup>1</sup> In November 1914, immediately after the Ottoman Government's intervention in the War, a Turkish force made a raid across the country of the Ottoman Assyrian highlanders in Hakkiyāri into the country of the Persian Assyrian lowlanders on the plain along the western shore of Lake Urumiyah.

<sup>2</sup> The effective establishment of this intimate contact may be dated from the arrival of the Assyrian refugees at the British lines in North-Western Persia in 1918. The British had been in touch with the Assyrians since the planting of the Archbishop of Canterbury's mission to the Assyrians at Qudshānis, the seat of the Mār Shimūn in Hakkiyāri, in 1886. An American Presbyterian mission had been at work among the Assyrian lowlanders of the Urumiyah district for more than half a century before that, and the Assyrian lowlanders of the Mosul district had accepted the ecclesiastical supremacy of the Pope at the turn of the eighteenth and nineteenth centuries. These converts from Nestorianism to Roman Catholicism were known thenceforward as the Chaldaean Uniates.

<sup>3</sup> See A. J. Toynbee, *A Study of History*, vol. ii, p. 238.



Western Power at a moment when the Nestorians themselves, in their last Middle Eastern stronghold, were being overwhelmed by their Muslim adversaries in an unequal contest against hopeless odds. It will be seen that, during the intervening span of time, the rôles of the two Christian Societies had been completely inverted; but there were also certain unhappy features in which these two historic encounters were not dissimilar. In the thirteenth century the hopes which the Crusaders placed in 'Prester John' were disappointed; and the adventurous journeys of Franciscan friars on missions from the Pope and the King of France to the Khaqan, and of a Nestorian monk on a mission from the Mongols to the Western Powers,<sup>1</sup> did not save the Western Crusaders from losing their last foothold in the Holy Land in A.D. 1291. This melancholy outcome of the thirteenth-century attempt at co-operation between the Christians of the West and their co-religionists from beyond the Euphrates is not so unlike the outcome of the twentieth-century encounter, when a temporary British patronage of the remnant of the Nestorians in the Middle East did not avail either to re-establish the Assyrian refugees in their native fastnesses in Hakkīyārī or even to secure them a new home on the Mesopotamian plains that had once been the patrimony of their ancestors. In 1934, these Oriental Christians, like the Western Christians before them, were turning their eyes towards a New World beyond the Atlantic as a possible alternative outlet in lieu of the foothold which the united forces of Western and Oriental Christendom had proved unable to maintain on the soil of Asia for the pitiful remnant of the Mār Shimūn's ancient flock.

(c) RELATIONS BETWEEN THE KINGDOM OF 'IRĀQ AND  
FOREIGN POWERS, 1931-4

The Foreign Powers with which the Kingdom of 'Irāq was principally concerned were, first and foremost, Great Britain; secondly,

<sup>1</sup> For these diplomatic missions, see Toynbee, *op. cit.*, vol. ii, p. 451. The Nestorian monk who travelled on the Ilkhan Arghun's business to the West was chosen for this mission by a Patriarch who bore the ecclesiastical name of Mār Yaballāhā; but both the seat and the range of this Mār Yaballāhā's jurisdiction were very different from those of his twentieth-century namesake, the Mār Yaballāhā of Barwar-i-Bālā (see the present chapter, p. 145, above). The thirteenth-century Mār Yaballāhā was not the local prince-bishop of a tiny highland canton in Kurdistan, but the head of a Church which extended throughout Asia, and his seat was in the imperial city of Baghdad, while he himself was by birth a Khurāsānī. (For this Mār Yaballāhā's patriarchate, and his friend the Pekinese monk Bār Sawmā's mission to the West, see Sir E. A. W. Budge, *The Monks of Kublai Khan* (London, 1928, Religious Tract Society).)

the *états limitrophes*; and in the third place certain Powers which were not the Governments of States but the directorates of private commercial interests.<sup>1</sup>

In a previous volume,<sup>2</sup> the history of the relations between 'Irāq and Great Britain has been carried down to the signature of the Anglo-'Irāqī Treaty of the 30th June, 1930; and, in a later section of the present chapter,<sup>3</sup> the steps are traced by which this treaty was eventually brought into force, as had been contemplated, before the close of the year 1932, through the termination of the British mandatory régime in 'Irāq in the act of the admission of 'Irāq to membership of the League of Nations. In the present place, it will be convenient to consider the principal changes, in 'Irāq itself, in the relations between the British and the 'Irāqī authorities, which accompanied the liquidation of the mandatory régime and the substitution for it of the relations between the two states which the treaty of the 30th June, 1930, established.

The policy announced by the British Government on the 4th November, 1929, of which the new treaty was the first fruits, raised a number of questions. Would the independence of 'Irāq be genuine if the Kingdom were formally emancipated from the mandatory régime in 1932? Or would the continued presence and activity of British administrative and judicial officers in the 'Irāqī public services, and the continued presence and activity of British armed forces on 'Irāqī territory, make 'Irāq's formal independence illusory, and simply substitute an unsupervised British protectorate for a supervised British mandatory régime behind 'an Arab façade' (to use the cynical phrase that was current on British lips when British diplomacy was fomenting Arab nationalism in 'Irāq during the War of 1914-18)? On the other hand, would the British air route across 'Irāqī territory, and air bases on 'Irāqī soil, be secure? And could the electorate and taxpayers and Parliament of the United Kingdom be certain that the British armed forces that were to be stationed

<sup>1</sup> Another Power which asserted its claim, during the period under review, to have a voice in the decision of the destinies of 'Irāq—this time in connexion with the liquidation of the mandatory régime—was the United States. See the text of the correspondence of the 1st March-8th July, 1932, between the American and British Governments in *The United States Daily*, 7th November, 1932. After having asserted this claim in principle, the American Government declared itself satisfied with the assurances which were being demanded from 'Irāq by the League Council (see pp. 204 *seqq.*, below), since United States nationals would benefit by these assurances under the terms of the Anglo-American-'Irāqī Convention of the 9th January, 1930 (see the *Survey for 1930*, pp. 328-9).

<sup>2</sup> The *Survey for 1930*, Part III, section (vi).

<sup>3</sup> In sub-section (d) (2), below.

in 'Irāq for the duration of the treaty would be used solely for the purpose of guarding the British air-bases and air-route in time of peace and implementing the terms of the offensive and defensive alliance, established by the treaty, in the event of war? Or was there a danger that these British troops in 'Irāq might be used hereafter, as they had been used from time to time heretofore, for the maintenance of internal order in the country—but this, henceforward, at the instance of the 'Irāqī Government and under conditions in which the British representative in 'Irāq, having been changed in status from a High Commissioner into an Ambassador, might find himself without the means of judging whether the circumstances were such as to justify, in British eyes, the use of British troops in response to the 'Irāqī Government's hypothetical request? Between the 4th November, 1929, and the 3rd October, 1932, each of these questions was answered to some extent by the course of events.

The fundamental change in the relation between British officials in 'Irāq and the 'Irāqīs was made neither when 'Irāq was eventually admitted to membership of the League nor at the date, nearly three years earlier, when the policy, of which this was the consummation, was announced by the British Government. It was made at the time when, after the suppression of the 'Irāqī insurrection of 1920, the British Government made up their mind to abandon their attempt at direct government in 'Irāq and to content themselves with the indirect method of dealing with a native 'Irāqī Government to which the British authorities would tender advice and with which the United Kingdom would enter into a treaty relation. The history of the establishment and development of this system need not be recapitulated here, since it has been touched upon in previous volumes in this series.<sup>1</sup> The essential points are that the first steps towards establishing an 'Irāqī state with its own independent and self-contained institutions had been taken some nine years<sup>2</sup> before the British Government made their announcement of the 4th November, 1929; that, by this date, the process of construction was far advanced; and that it was substantially completed by the time when 'Irāq was admitted to membership of the League on the 3rd October, 1932.

<sup>1</sup> The *History of the Peace Conference of Paris*, vol. vi, Chapter I, Part III C, and Chapter VI, Part IV; the *Survey for 1925*, vol. i, Part III, section (x); the *Survey for 1930*, Part III, section (vi). See, further, the statement made to the Mandates Commission on the 10th November, 1930, by the British accredited representative, Major Young, and the British Government's *Special Report on the Progress of 'Irāq during the period 1920-31*, Part II, 'British Advice and Assistance', with Appendices A, B, C and D.

<sup>2</sup> The 'Irāqī Council of State, which was the germ of 'Irāqī self-government, had been established by a British proclamation of the 11th November, 1920.

The British High Commissioner had ceased to be the titular head of the Government of 'Irāq upon the coronation of King Faysal on the 23rd August, 1921; and 'he definitely ceased to be constitutionally responsible for the government of the country' upon the ratification, on the 19th December, 1924, of the Anglo-'Irāqī Treaty of the 10th October, 1922, and the subsidiary agreements. It is true that, so long as the mandatory régime lasted, 'the High Commissioner was still juridically the supreme authority, and could in the last resort have insisted upon his wishes being complied with in all respects,<sup>1</sup> though the King, as titular head of the administration, was regarded in 'Irāq as fully responsible'.<sup>2</sup> But while 'he retained his responsibility to His Majesty's Government, and through them to the League of Nations', he 'exercised it in the form of advice from the High Commissioner to the King of 'Irāq, by which the latter undertook to be guided. The relation of the High Commissioner to the 'Irāqī Government' had 'thus, for almost the whole period under review, been that of an adviser and not of a controlling authority';<sup>3</sup> and the transition from this form of High Commissionership to the office of Ambassador of a friendly Power in special treaty relations with 'Irāq was perhaps not so difficult for Sir Francis Humphrys to accomplish. As for the 'Irāqī authorities—King and Prime Minister and Cabinet—the liquidation of the mandatory régime, which increased their responsibilities, at the same time lightened their task by relieving them of difficulties which do not beset the Government of a fully self-governing country.

The root difficulty was the fact . . . that the politically conscious element in 'Irāq had always objected to the mandatory system. As soon as the 'Irāqī Government became responsible to an elected parliament, composed of individuals who had never recognized the mandatory position, there was bound to be a conflict between their national aspirations and the obligations assumed by the Government towards the Mandatory Power. The Constituent Assembly had only agreed to the treaty with reluctance, and had not concealed their dislike of its mandatory character. This attitude was reflected in that of all subsequent 'Irāqī Governments, and the latent opposition to the mandatory character of the régime manifested itself in one form or another throughout the whole period under review. . . . It [was] perhaps not generally recognized how exceedingly difficult [was] the position of an 'Irāqī Prime Minister under the mandatory régime. He [was,] on the one hand, responsible to a Parliament which [did] not recognize any form of outside guidance, while, on the other, it [was] his duty to conduct the administration in conformity

<sup>1</sup> See, however, the account, on pp. 119–22, above, of the High Commissioner's definite failure to obtain justice for the Bahā'is.—A. J. T.

<sup>2</sup> *Special Report 1920–31*, p. 27.

<sup>3</sup> *Op. cit.*, p. 22.

with the treaty obligations of the 'Irāqī Government, and to assist the King in his discussions with the High Commissioner as to the best means of carrying them out.<sup>1</sup>

As for the British administrative officials in 'Irāq, it had been laid down, in the instructions issued by the British High Commissioner to the 'Irāqī Council of State in November 1920,<sup>2</sup> that the functions of these British officials were not to be executive but advisory. Thereafter, when it was decided that the High Commissioner should cease to exercise any constitutional powers, it was conformably decided 'that, so long as the British officials could be called upon to keep the High Commissioner fully informed at all stages, it was better that they should be engaged by, and solely responsible to, the 'Irāqī Government'.<sup>3</sup> This system, under which the British High Commissioner and his staff remained the servants of the British Government while the British advisers in or under the 'Irāqī Ministries became the servants of the 'Irāqī Government, did not technically come into force until the ratification, in December 1924, of the Anglo-'Irāqī Treaty of 1922; 'but the principle was accepted, and as far as possible acted upon', as soon as the treaty of 1922 was signed.<sup>4</sup>

The number of the British officials, during the twelve years that intervened between the abandonment of direct British administration and the liquidation of the mandatory régime, was governed by the principle that a distinction must be drawn 'between the "advice and assistance" necessary to enable the Mandatory Power to fulfil its obligations to the League, including the establishment of a fully self-governing state of 'Irāq, and the expert help which this state, once established, might engage from outside. The problem which faced the negotiators of the Anglo-'Irāqī Treaty of 1922 was to secure the presence in the 'Irāqī administration of a number of British

<sup>1</sup> *Op. cit.*, pp. 27-8.

<sup>2</sup> Extract in *op. cit.*, p. 23.

<sup>3</sup> *Op. cit.*, p. 24.

<sup>4</sup> From the time when this system was introduced *de facto*, the policy which it would be the duty of the British officials in the 'Irāqī Government's service to carry out was explained to them, upon appointment, in a letter of appointment from the High Commissioner (text in *Special Report 1920-31*, Appendix A). 'Following upon the announcement in September 1929 that His Majesty's Government were prepared to support the candidature of 'Irāq for membership of the League in 1932, it was decided to accelerate the assumption of administrative responsibility by the 'Irāqī Government, and a second letter, supplementary to the first, was accordingly addressed to the holders of the posts specifically reserved for British officials in the British Officials Agreement which accompanied the original treaty of 1922. In consequence of the policy outlined in this letter, the functions of the Advisers to certain Ministries were defined afresh.' (*Op. cit.*, p. 24. The text of this second letter is printed in *op. cit.*, Appendix B.)

officials sufficient to ensure the fulfilment of the first of these requirements, and at the same time to devise some method by which this number could be progressively reduced to that which might reasonably be engaged by a fully self-governing state at some not far distant future. It was decided that the 'Irāqī Government should undertake in the treaty, or in a subsidiary agreement, to reserve eighteen specified posts for British officials during the whole period of the treaty, and that they should engage upon contracts, none of which should be for a period exceeding ten years, a sufficient number of additional British officials to ensure that the fullest use should be made of the resources of the country and that the administration should conform to the traditions of progressive and enlightened government. The total number of British officials, including British Indians, who were in the service of the British civil administration when Sir Percy Cox assumed charge as High Commissioner in November 1920 was 2,906. By January 1923 this figure had fallen to 1,839, and by the time that the contracts were actually given in June 1926 it was found possible to reduce the number to 474. By September 1929 the numbers had fallen to 234, owing to the expiry of contracts which had not been renewed. It then became necessary to review the position in the light of the accelerated transfer of full responsibility to the 'Irāqī element in the administration, and<sup>1</sup> in 1931 the number had fallen to 196, of whom 160 were Englishmen and Englishwomen and 36 were Indians.<sup>2</sup>

It is easier, of course, to give statistics than to estimate the practical progress in the transfer of responsibility from British to 'Irāqī shoulders.<sup>3</sup> In the opinion of the Mandatory Power itself,

it was not until November 1925, when 'Irāqī Ministers became responsible to an 'Irāqī Parliament and the British officials became the servants of the 'Irāqī Government in fact as well as in name, that 'Irāqī effort can be said to have made more than a subsidiary contribution to the building up of the 'Irāqī State. This is not to say that the British officials had learnt nothing from their 'Irāqī colleagues during the earlier periods, but rather that the latter had received the greater benefit from the association between them. Once the 'Irāqī State was in being, however, the mandatory character of the advice and assistance given by the British officials gradually receded into the background, and by September 1929 the day when it would no longer be required was well within sight. By that time the great majority of the executive posts

<sup>1</sup> *Op. cit.*, p. 25.

<sup>2</sup> See the tables in *op. cit.*, Appendices C and D.

<sup>3</sup> The practical difficulty of making any such estimate is brought out vividly in Major Young's statement of the 10th November, 1930 (Minutes of the Nineteenth Session of the Permanent Mandates Commission, pp. 75-6).

in the administration were occupied by 'Irāqī officials, and for the period 1925-1929 'Irāqī effort may well claim a substantial share of the credit for the progress achieved.<sup>1</sup>

In reporting on its stewardship in 1931 and summing up the situation as it stood in that year, the Mandatory Power submitted that the British officials in the 'Irāqī Government's service

have endeavoured, in conformity with the policy of His Majesty's Government, to limit their advice to that which they would in any case have given if they had been the servants of a fully self-governing state. The result has been that their 'Irāqī colleagues have assumed to an increasing extent the real responsibility which must inevitably fall upon them when 'Irāq is admitted to membership of the League. Cases may have occurred where individuals have proved themselves unworthy of their responsibility; the highest ideals may not always have been reached; full advantage may not always have been taken of the disinterested advice which the British officials are no less ready to render than they were before; but that the general stability of the administration has been maintained is beyond question, and if the blame for individual failures is to be laid to the door of the 'Irāqī nation, it is only right that they should be given their fair share of the credit for the general measure of success achieved.<sup>2</sup>

In the matter of the functions of the British armed forces in 'Irāqī territory, the course of events did not bear out either the anxiety of nationally minded 'Irāqīs that these foreign troops might interfere with the independence of 'Irāq, or again the anxiety of imperially-minded Englishmen that these same troops might prove inadequate for the effective guarding of the British air-route and air-bases. A question which was less quickly and easily disposed of was that of the possible employment of the British forces in 'Irāq, after the termination of the mandatory régime, for the maintenance of internal order at the 'Irāqī Government's request—especially in some conflict between the Arab majority and one or other of the non-Arab minorities. This question, which had been raised in Great Britain as soon as the terms of the treaty of the 30th June, 1930, had been made public,<sup>3</sup> was ventilated repeatedly thereafter—for example, by Sir Samuel Hoare (a former Secretary of State for Air) in the House of Commons at Westminster on the 23rd July, 1931, and by Sir Henry Dobbs (a former High Commissioner for 'Irāq) in a letter of the 26th September, 1932, which was published in *The Times* on the 29th. This British anxiety was justified by the fact that, as late as the summer of 1932, when the liquidation of the mandatory régime and implementation of the treaty of 1930 were imminent,

<sup>1</sup> *Special Report 1920-31*, p. 29.

<sup>2</sup> *Op. cit.*, pp. 29-30.

<sup>3</sup> See the *Survey for 1930*, pp. 325-6.

the units of the British Royal Air Force that were stationed in 'Irāq were assisting the 'Irāqī Army in the operations against the recalcitrant Kurdish highland chieftain, Shaykh Ahmad of Barzan.<sup>1</sup> The fact was that, of the three military establishments which were at that time represented in 'Irāq—namely, the English forces of the British Crown, the Assyrian Levies in the British Crown's service, and the National Army of 'Irāq—the 'Irāqī Army was the least experienced and the least efficient;<sup>2</sup> and this was a fact that seemed likely to count for more, in a crisis, than any treaty stipulations.

On the 16th November, 1932, a few weeks after the extinction of the mandatory régime through the admission of 'Irāq to membership of the League, the juridical and political positions were defined as follows, in the House of Commons at Westminster, in an answer from the Prime Minister to a parliamentary question.

British forces are maintained in 'Irāq for no other purpose than those set out in Article 5 of the Anglo-'Irāqī Treaty of Alliance of the 30th June, 1930, namely, to assist in the protection of British communications and to facilitate the discharge of the obligations undertaken by this country under Article 4 of that Treaty. His Majesty's Government in the United Kingdom have no obligations in regard to the maintenance of internal order in 'Irāq, the responsibility for which rests solely upon the 'Irāqī Government, as is expressly recognized in Article 5 of the Treaty. Were the 'Irāqī Government to ask at any time for assistance not contemplated by the Treaty of Alliance, the situation would have to be considered in the light of the various factors existing at the time.

A practical test of both the liabilities and the powers of the British authorities—military, administrative and diplomatic—in 'Irāq under the new régime was afforded when the conflict between the 'Irāqī Government and the Assyrians came to a head in the summer of 1933. The course of events on that occasion<sup>3</sup> gave definite answers to several questions that had long been pending. In the first place, the 'Irāqī Army showed itself competent to face and withstand the Assyrian re-immigrants from Syria, who constituted as formidable a fighting-force as was ever likely to be put into the field by any of the non-Arab minorities in 'Irāq.<sup>4</sup> In this military crisis, the 'Irāqī

<sup>1</sup> For these operations see p. 129, above.

<sup>2</sup> For the creation, development and operations of the 'Irāqī Army see *Special Report 1920-31*, Part V; *Report 1930*, Part V; *Report 1931*, sections 9, 11, and 52; *Report 1932*, sections 2 and 3. For the history of the attempt to introduce compulsory military service in 'Irāq in the years 1926 and 1927 see the *Survey for 1930*, p. 318, footnote 2. A military conscription bill eventually passed the Chamber at Baghdad on the 9th January, 1934, and became law on the 12th February, 1934.

<sup>3</sup> See section (b) (3), pp. 162-7, above.

<sup>4</sup> The Assyrian minority was, of course, far less numerous than the Kurdish



Ministry of Defence made no motion to call in the British Air Force for the purpose of bombing the Assyrians into submission; but, unfortunately, the shield had another side to it; and when the 'Irāqī forces in the Mosul district had beaten off the Assyrian attack without British military aid, they proceeded to keep the British administrative advisers in the 'Irāqī civil service at arm's length while they followed up their victory over Assyrian fighting-men by their massacre of Assyrian women and children. For the British Ambassador, civil servants and armed forces in 'Irāq, it was perhaps as humiliating to be compelled to look on while the 'Irāqīs broke the Assyrians' spirit by their own 'methods of barbarism' as it would have been embarrassing to be called upon to intervene in an Assyrian crisis with which the 'Irāqīs themselves had failed to cope.

Next in importance to 'Irāq's relations with Great Britain were her relations with the *états limitrophes*: Turkey, Persia, Kuwayt, Najd-Hijāz, Transjordan and Syria.

The 'Irāqī-Turkish frontier had been definitively settled by the Anglo-'Irāqī-Turkish treaty of the 5th June, 1926;<sup>1</sup> the 'Irāqī-Kuwaytī frontier by an agreement of April 1923;<sup>2</sup> the 'Irāqī-Najdī frontier by a protocol of the 2nd December, 1922;<sup>3</sup> and the 'Irāqī-Transjordanian frontier had been defined as to general position, but not marked out in detail, by an exchange of notes of the 31st July and the 16th August, 1932. The definitive settlement of the 'Irāqī-Syrian frontier, which was completed on the 31st July, 1933, is recorded in another chapter of this volume.<sup>4</sup> At the end of the year 1934, the one frontier of 'Irāq that remained in dispute was her

minority in the aggregate. At the same time, the rifle-strength of the Assyrians of the pro-Mār Shimūn faction was probably greater than that of the followers of any single Kurdish religious or secular chieftain; and the Assyrians were far better armed and trained than the Kurds, thanks to their service under British command in the Levies. It is true that, on the 4th-5th August, 1933, the fighting took place in open country where the 'Irāqī Army was at less of a disadvantage than if it had been called upon to try conclusions with either the Assyrians or the Kurds in their native highland fastnesses. Nevertheless, this action did provide a first test of the 'Irāqī Army's efficiency to fulfil its functions. It remained to be seen whether the Army would be able to cope with disturbances on the part of some of the Arab elements in the population of the Kingdom: e.g. the tribesmen along the Euphrates below Hillah and in the Nāsiriyyah-Basrah-'Amārah triangle (see p. 123, above, and the additional note on pp. 213-16, below). The weak point of the 'Irāqī Army was the low *moral* of the officers, especially those of higher rank. The rank and file were reported to be potentially good fighting material, if given satisfactory leadership.

<sup>1</sup> See the *Survey for 1925*, vol. i, Part III, section (xi) (g).

<sup>2</sup> *Op. cit.*, p. 336.

<sup>3</sup> *Op. cit.*, p. 335.

<sup>4</sup> See section (viii) below.

frontier with Persia:<sup>1</sup> a strange exception, considering that, as between Persia and the Ottoman Empire, this frontier had been in existence, off and on, for a period of no less than four hundred years beginning with the first Ottoman conquest of 'Irāq in A.D. 1534. This Perso-'Irāqī frontier-controversy was of vital importance to 'Irāq, since one of the points in dispute was the position of the frontier along the waterway of the Shattu'l-'Arab which was 'Irāq's (though not Persia's) sole means of direct access to the open sea. This Perso-'Irāqī dispute came to a head when 'Irāq appealed on the subject to the League of Nations, under Article 11 of the Covenant, on the 29th November, 1934. The antecedents and consequences of this appeal will be dealt with in a later volume.

While an agreed settlement of frontiers was one of the essential steps in the process of introducing 'Irāq into the international comity of states as a recognized member, it was not, of course, in itself, enough to ensure good relations between 'Irāq and the particular state on the further side of a particular frontier-line.

For example, in the relations between 'Irāq and the Sa'ūdī Power, some of the most awkward passages<sup>2</sup> occurred between the delimitation of the frontier in December 1922 and the meeting, which has been recorded in another volume,<sup>3</sup> between King Faysal and King 'Abdu'l-'Azīz on the 22nd-24th February, 1930. Happily, this meeting proved to be a turning-point, which was followed not only by a marked diminution of trans-frontier tribal raiding (mainly owing to Ibn Sa'ūd's establishment of effective control within his own borders after the overthrow of Faysalu'd-Dawish):<sup>4</sup> but also by a marked improvement in the relations between the two Governments. From February 1930 down to October 1932, when Great Britain's mandatory responsibilities in 'Irāq came to an end, the British Government were able to report<sup>5</sup> that conditions on the Najdī-'Irāqī frontier had remained continuously free from disturbance. At the meeting of the two kings in February 1930, 'King Ibn Sa'ūd promised a pardon to the one rebel refugee leader [then remaining] in 'Irāq, Farhān b. Mashhūr, and King Faysal undertook to do his utmost to persuade him to return to the Hijāz-Najd and on no account to permit him to remain in 'Irāq. At the same time King Ibn Sa'ūd promised to pay compensation for the losses inflicted by

<sup>1</sup> Though the Perso-'Irāqī frontier remained unsettled, Persia had given recognition to 'Irāq on the 25th April, 1929 (see the *Survey for 1930*, p. 330).

<sup>2</sup> See the *Survey for 1925*, vol. i, Part III, section (vi); the *Survey for 1928*, pp. 300-6.

<sup>3</sup> The *Survey for 1930*, p. 181.

<sup>4</sup> *Op. cit.*, pp. 177-80.

<sup>5</sup> *Report 1930*, p. 35; *Report 1931*, p. 32; *Report 1932*, p. 15.

his rebel tribes on 'Irāqī tribes, leaving the amount to be settled by King Faysal after inquiry into facts. . . . Ibn Mashhūr was ultimately sent off from 'Irāq in early November to travel to Jiddah, via Syria. In Syria he broke his parole and, having joined his own tribe, the Ruwalā, refused to continue his journey further. The total sum to be paid to 'Irāq in final settlement of claims for compensation for losses arising out of raids and counter-raids between 'Irāq and Najd was fixed by King Faysal at £30,000; and of this sum £7,000 was paid by the Hijāz-Najd Government in July 1930.<sup>1</sup> Thereafter, in April 1931, the Prime Minister of 'Irāq, Nūrī Pasha, paid a visit to Mecca and signed there, on the 8th of the month, a Bon Voisinage Treaty and an Extradition Treaty<sup>2</sup> with the Sa'ūdī Government. In July 1932, a visit was paid to Baghdad by King 'Abdu'l-'Azīz's son, the Amīr Faysal Āl-Sa'ūd.

As between 'Irāq and Persia, the provisional agreement of the 11th August, 1929,<sup>3</sup> was renewed on the 19th October, 1930,<sup>4</sup> and thereafter at intervals of six months,<sup>5</sup> so that it was still in force in the summer of 1935. During the years 1930-2 there were a certain number of frontier incidents which arose partly from the trespass of rebels against one of the two Governments upon the territory of the other Government; partly from the normal seasonal migration across the frontier of nomadic pastoral tribes; and in one instance from the inadvertent choice, for the construction of a Persian frontier-post, of a site which proved to be on 'Irāqī soil.<sup>6</sup> The most important case that arose was that of the Jāf, 'a large nomadic Kurdish tribe of about 30,000 tents who spend from four to five months in the summer in the upland pastures across the Persian frontier lying roughly between Merivan and Banah and the rest of the year in 'Irāq, spread widely over the lower valleys lying between Halabjah and Kifri. For several hundreds of years the Jāf had made this annual migration,<sup>7</sup> and the economic life of the tribe has been built up on it. The capital wealth of the tribe is almost entirely flocks of sheep and goats, and their income is derived from the sale of the fleeces and fats which their flocks produce. The maintenance of their flocks depends entirely on grazing, and it is in search of grass that

<sup>1</sup> *Report 1930*, pp. 34-5.

<sup>2</sup> Texts in *Report 1931*, Appendices L and K.

<sup>3</sup> *The Survey for 1930*, p. 330.

<sup>4</sup> Text of exchange of notes in *Report 1930*, p. 33.

<sup>5</sup> *Report 1931*, p. 30; *Report 1932*, p. 13.

<sup>6</sup> For these incidents see *Report 1930*, p. 33; *Report 1931*, pp. 31-2; *Report 1932*, pp. 13-14. See also the present chapter, section (b) (2), above.

<sup>7</sup> It is mentioned in a treaty concluded between Persia and Turkey in 1639. —A. J. T.

they have to move from the arid plains to the mountain pastures each summer.<sup>1</sup>

'In the early summer of 1931 the Persian Government raised an official objection to the migration of the Jāf into Persia. The 'Irāqī Government, realizing the great hardship which such an embargo would cause the Jāf, pressed the Persian Government to reconsider their decision and with some difficulty persuaded them to agree to admit the Jāf, but at the same time the Persian Government stated that the Jāf would be disarmed. Most of the Jāf had crossed the frontier by the end of June, but they were either unwilling or unable to pay the taxes and customs dues demanded from them by the Persian authorities, and by the beginning of August the bulk of them had withdrawn again to 'Irāq and were making the best of the scanty and limited grazing in the Panjvīn area.'<sup>2</sup> However, in June 1932, 'the Persian and 'Irāqī frontier authorities concerned made the following arrangements for the control of the annual summer migration of the Jāf tribe into Persia:

(1) That each of the major sections should send a representative to remain at Basrah while the Jāf were in Persia.

(2) That Persian permits would be given to all those who had permits to carry arms in 'Irāq.

(3) That the 'Irāqī Koda Tax figures should be accepted for the taxation of sheep and goats at one Kran per head.

(4) That a small tax should also be collected on horses and cattle.

'The Jāf carried out these terms, and returned to 'Irāq in the autumn without becoming involved in any serious trouble.'<sup>3</sup>

In April 1932, visits were paid to Tihrān, first by the British High Commissioner at Baghdad and then by King Faysal with his Prime Minister, Nūrī Pasha, in his suite, to discuss the difficult question of navigation in the Shattu'l-'Arab and to prepare the ground for the conclusion of Perso-'Irāqī treaties concerning residence, extradition, bon voisinage, and the regulation of frontier relations. A provisional agreement relating to the appointment of frontier commissioners was eventually signed, and remained in force until the 5th June, 1935. At the time of writing, in July 1935, negotiations were in progress for the renewal of this agreement for a further period of six months. The problem of the Shattu'l-'Arab unfortunately proved impossible to settle by friendly negotiations *à deux*.

The frontier questions still pending between 'Irāq and Persia, important though they were, were trifling compared to those which

<sup>1</sup> *Report 1931*, p. 32.

<sup>2</sup> *Op. cit.*, *loc. cit.*

<sup>3</sup> *Report 1932*, p. 14.

'Irāq had had to settle with Turkey; for 'Irāq was a successor-state of the Ottoman Empire, and the task of carving out the 'Irāqī national domain had been complicated by the dispute over the Mosul vilāyet<sup>1</sup> between 'Irāq and her sister successor-state, the Turkish Republic. As soon, however, as this territorial dispute between 'Irāq and Turkey had been settled by the treaty of the 5th June, 1926, Turco-'Irāqī relations at once became more cordial than Perso-'Irāqī relations; and although the regulation of conditions on the Turco-'Irāqī frontier presented the same difficulties as their regulation on the Perso-'Irāqī frontier, the occasional trans-frontier tribal raids from Turkish into 'Irāqī territory<sup>2</sup> did not disturb the amity of the two Governments concerned. Visits were paid to Angora by King Faysal, accompanied by his Prime Minister and Minister for Finance, in July 1931, and again by the 'Irāqī Prime Minister, Nūrī Pasha, in December 1931–January 1932. At Angora, on the 9th January, 1932, he signed a Residence Convention and an Extradition Treaty with his Turkish *confrères*, and a Treaty of Commerce on the 10th.<sup>3</sup>

The relations between 'Irāq and Syria over the delimitation of the frontier and over tribal migrations across it are dealt with in another chapter of this volume.<sup>4</sup>

The relations between 'Irāq and Transjordan were no less important, notwithstanding the fact that these two Arab states marched with one another for a short distance only, and this in the middle of an uninhabited desert; for, while the Hamād was uncultivable and incapable of providing any sustenance for Man except a seasonal pasturage for nomadic stock breeders,<sup>5</sup> it had become, since the War of 1914–18, a highway for certain newfangled means of communication which had been conjured into existence by the recent progress of modern Western technique.<sup>6</sup> By the date of 'Irāq's emancipation from the mandatory régime, automobile traffic had been plying across the Hamād, between Baghdad and Damascus or 'Ammān, for

<sup>1</sup> See the *Survey for 1925*, vol. i, Part III, section (xi).

<sup>2</sup> See *Report 1930*, pp. 33–4; *Report 1931*, p. 30; *Report 1932*, p. 13.

<sup>3</sup> Texts in *Report 1932*, Appendices C, D and E.

<sup>4</sup> In section (viii) of this part, below.

<sup>5</sup> The traditional belief in the implacable inhospitality of the Hamād to Man was shaken as a result of the artesian borings which were carried out by the 'Irāq Petroleum Company when they were constructing their pipe-line from the oil-fields east of the Tigris to the Mediterranean coast of Palestine and the Lebanon (see p. 192, below). Water was tapped in quantities that were much more than sufficient for the needs of the maintenance staff of the pipe-line; and in 1935 it seemed possible that, at no distant future, the desert might indeed be made to 'blossom as the rose'.

<sup>6</sup> See the *Survey for 1925*, vol. i, pp. 328–9.

some nine years; an air-route across the same desert-corridor had been in use since 1921; a pipe-line was projected;<sup>1</sup> and a railway was contemplated.<sup>2</sup> If the transport of passengers and goods, by these various means, between 'Irāq and the Mediterranean ports of Syria and Palestine could once be made to compete commercially with the sea-borne traffic via the Shattu'l-'Arab, it might be prophesied that a larger and larger proportion of the foreign trade of 'Irāq would tend to pass this way in preference to the Persian Gulf, since the principal markets and sources of supply for the foreign trade of 'Irāq lay in Europe and not in India, and the balance was gradually shifting further to India's loss and to Europe's gain.<sup>3</sup> Moreover, the political relations of 'Irāq with the Arab countries to the west of her, across whose territories the overland routes between Baghdad and the Mediterranean ran, were distinctly easier than her political relations with Persia, whose territorial claims threatened to hamper 'Irāq in her use of the navigable waterway of the Shatt. The relations of 'Irāq with Transjordan were particularly friendly owing to the fact that the respective sovereigns of the two states were brothers; and the two countries had a common interest in building up the transit trade across Transjordan between Baghdad and the Palestinian port of Haifa. In this spirit, an 'Irāqī-Transjordanian treaty of friendship was signed at 'Ammān on the 26th March, 1931.<sup>4</sup> Thereafter, in July 1932, the line of frontier between 'Irāq and Transjordan was given greater precision in an exchange of notes<sup>5</sup> between the Prime Ministers of the two countries. In September 1932, King Faysal paid a visit to the Amīr 'Abdu'llāh.

The 'Irāqī-Transjordanian Treaty of 1931 was concluded by the Prime Minister of 'Irāq, Nūrī Pasha, on his way to Mecca for the signature of the 'Irāqī-Sa'ūdī treaties of the 7th and 8th April, 1931.<sup>6</sup> The 'Irāqī mission to the Hijāz took the opportunity of their journey to conclude treaties with two other neighbouring Arab countries. Nūrī Pasha himself returned from Mecca to Baghdad via Cairo, and there signed an 'Irāqī-Egyptian Extradition Treaty on the 20th April, 1931.<sup>7</sup> His colleague, Taha Beg al-Hāshimī, the Chief of the 'Irāqī General Staff, went on from Mecca to San'ā and there signed

<sup>1</sup> See the present chapter, pp. 188, 191, 192, below.

<sup>2</sup> See *The Observer*, 21st January, 1934.

<sup>3</sup> See the tables of imports into, and exports from, 'Irāq, by countries, for the four years 1929-30 to 1932-3 inclusive, in C. Empson, *Economic Conditions in 'Irāq* (London, 1933, H.M. Stationery Office), p. 45.

<sup>4</sup> Text in *Report 1931*, Appendix N.

<sup>5</sup> Text in *Report 1932*, p. 17.

<sup>6</sup> For these treaties see p. 184, above.

<sup>7</sup> Text in *Report 1931*, Appendix M.

an 'Irāqī-Yamanī Treaty of Friendship on the 11th May, 1931.<sup>1</sup> The exchange of ratifications of this treaty was made the occasion for a return visit on the part of a Yamanī delegation to 'Irāq in the spring of 1932.<sup>2</sup>

It remains to record the dealings of the 'Irāqī Government with the private oil interests, which were greater Powers in the world of the day than any of the *états limitrophes*.

In a previous volume,<sup>3</sup> the history of the foreign oil concessions in those Ottoman territories which were eventually included within the frontiers of the Kingdom of 'Irāq has been carried down to the signature, on the 14th March, 1925, of a convention<sup>4</sup> between the 'Irāqī Government and the Turkish Petroleum Company<sup>5</sup> (a concern which changed its name to 'the 'Irāq Petroleum Company' in 1929). The concession thereby granted to the 'Irāq Petroleum Company covered<sup>6</sup> the whole territory of the Kingdom with the two exceptions of the former vilāyet of Basrah and the territories which had been transferred to Turkey from Persia in 1913. (A concession for the development of the oil resources in the Transferred Territories was already held by the Anglo-Persian Oil Company and was confirmed by the Ottoman and the 'Irāqī Governments successively.) Thereafter, the 'Irāqī Government revised their existing agreements with the Anglo-Persian Oil Company and the 'Irāq Petroleum Company, and also entered into an agreement with a third concern called the British Oil Development Company.

'On the 30th August, 1925, an agreement was concluded between the Anglo-Persian Oil Company and the 'Irāqī Government providing for:

- (a) the formation of a subsidiary company to operate within 'Irāq.
- (b) the erection of a refinery to refine oil products for consumption within 'Irāq.
- (c) the transit of oil won either in the Transferred Territories or in Persia through 'Irāq to a seaboard.

On the 24th May, 1926, a further agreement between the company and the 'Irāqī Government was concluded to provide for:

- (a) a fixed royalty per ton in replacement of the royalty on a profit-sharing basis given by the original concession.

<sup>1</sup> Text in *op. cit.*, Appendix O.

<sup>2</sup> The Yamanī mission travelled to Basrah on board a Soviet Russian steamer (*Report 1932*, p. 17).

<sup>3</sup> The *Survey for 1925*, vol. i, Part III, Section (xi): *Note on Oil*.

<sup>4</sup> Text in *Special Report, 1920-31*, Appendix L (1).

<sup>5</sup> For the interests represented in the Turkish Petroleum Company see the *Survey for 1925*, vol. i, *loc. cit.*

<sup>6</sup> *Op. cit.*, *loc. cit.*

(b) the sale of oil products throughout 'Irāq at prices considerably below those then in force.

(c) the extension of the period of the original concession by a period of thirty-five years.'<sup>1</sup>

The subsidiary company, contemplated in the first of these two agreements, was duly formed under the name of 'the Khānaqīn Oil Company'; the construction of a refinery in the Transferred Territories, near Khānaqīn, was completed in May 1927; and thereafter the company 'distributed and marketed oil-products throughout 'Irāq under a price-formula approved by the Government', with the result that oil prices in 'Irāq 'were considerably reduced'.<sup>2</sup>

The area of the Khānaqīn Oil Company's concession was, of course, very small compared with that of the 'Irāq Petroleum Company's. This latter concession, however, did not cover the whole of the vast area over which it was spread, but was confined to twenty-four rectangular plots of eight square miles each,<sup>3</sup> which were 'to be chosen by the company after they had had an opportunity to test the whole concession area'—whereafter, 'the remaining areas were . . . to be divided into similar plots to be put up for public auction'.<sup>4</sup> This arrangement was the company's own choice; for they had been deterred, by American insistence upon the maintenance of the 'open door' in 'Irāq, from applying for exclusive exploitation rights throughout the area over which their concession extended, and at the same time they were unwilling to 'run the risk of choosing outright, without prior survey and test,<sup>5</sup> a definite area', within the original area of the concession, 'which might not turn out to contain the best structures'.<sup>6</sup>

Under this agreement, the company began to prospect; and on the 14th October, 1927, a gigantic gusher was struck at Baba Gurgur, near Kirkūk. The company did not find itself ready, however, to select its plots on the 14th September of that year, which was the date ('thirty-two months after the date of this convention') on which the selection had to be made according to the terms of the convention (Art. 5); and the 'Irāqī Government refused to extend the period beyond the 29th November, 1929. The company appear to have had a good case for representing that they had been carrying out

<sup>1</sup> *Special Report 1920-31*, p. 222.

<sup>2</sup> *Op. cit.*, p. 223.

<sup>3</sup> See the *Survey for 1925*, vol. i, *loc. cit.*

<sup>4</sup> *Special Report 1920-31*, p. 219. The proceeds of these auctions went to the 'Irāq Petroleum Company.

<sup>5</sup> 'No geological survey existed; and very little was known of the type, depth or conformation of the structures which might have to be drilled' (*op. cit.*, p. 219).

<sup>6</sup> *Op. cit.*, p. 218.



their survey and tests with all reasonable diligence; that the time allowed in the agreement was insufficient; and that their survey work had been hindered to some extent by political disturbances in certain districts.<sup>1</sup> On the other hand, the 'Irāqī Government may have suspected that the company were, to say the least, not sorry to see the execution of the convention delayed, since the oil-fields under the control of the participating interests in other parts of the world, which were already going concerns, appeared to be more than sufficient to meet the world-demand for many years to come; and, on this showing, it was presumably in the company's interest to hold the oil resources of 'Irāq in reserve—refraining from drawing upon them on their own account so long as they were able to prevent them from being tapped by their competitors. Whatever the reasons for the delay<sup>2</sup> in the opening-up of the 'Irāq oil-fields by the 'Irāq Petroleum Company may have been, this delay was clearly contrary to the interests of the 'Irāqī Government, which had consented to take its share of the profits in the shape of a royalty on a tonnage basis, and which was thus being deprived, by the delay, of revenue which was urgently needed for setting the new Kingdom on its feet.

This delay came under the consideration of the Mandates Commission at their sixteenth session in November 1929, and again at their nineteenth session in November 1930, and on the second occasion they reported on the matter, in strong terms, to the Council of the League.<sup>3</sup> Meanwhile, towards the end of the year 1929, negotiations

<sup>1</sup> The Company's case is ably set forth in the British Government's *Special Report 1920-31*, pp. 219-21.

<sup>2</sup> There was incontestably a delay in the sense of an inability, on the Company's part, to keep up to the time-table of its original agreement with the 'Irāqī Government. The Company contended that, considering the magnitude of the task of 'proving' the existence of reserves of oil in the vast, remote and uncharted area within which it was to select its plots, it had carried out the necessary operations with unprecedented rapidity, and it estimated that by the 30th September, 1929, it had drilled 105,744 feet in 'Irāq, which was more than five and a half times as much as its contractual obligation of 18,500 feet. There is no reason for supposing that this contention was not made *bona fide* or that it was not justified by the facts. At the same time, the 'Irāqīs' suspiciousness and anxiety were not unnatural in view of some of the chapters in the past history of the relations between non-Western Governments and Western 'Big Business'.

<sup>3</sup> The passage in the Permanent Mandates Commission's report on its nineteenth session (Minutes of the Nineteenth Session, p. 208) is to the following effect:

'In its report to the Council on its sixteenth session, the Commission made a recommendation regarding oil production. It expressed the hope that the authorities, realizing the importance of the exploitation of this natural wealth as a factor in the country's prosperity, would see their way, should any fresh concessions be granted, to impose on the companies to which they are granted

were entered into, between the Government and the Company, for a revision of the 1925 convention; and these resulted, on the 24th March, 1931, in the signature of a new agreement,<sup>1</sup> which came into force on the 21st May after its ratification by the Parliament at Baghdad on the 18th of that month.

The provisions of this agreement may conveniently be presented here in the terms of the summary of them which was communicated to the Mandates Commission by the Mandatory Power.<sup>2</sup>

The company are given exclusive exploitation rights over all lands situated in the vilāyets of Baghdad and Mosul which are bounded by the east bank of the River Tigris, by the 'Irāqī-Turkish frontier, and by the 'Irāqī-Persian frontier, excepting the Transferred Territories. . . . They relinquish all rights to the remaining areas in the two vilāyets, of which the Government are free to dispose at will. The 'plot' system of the 1925 convention is thus abandoned.

The company undertake to complete before the 31st December, 1935, a pipe-line system to the Mediterranean of a combined capacity of not less than 3,000,000 tons per annum. Provision is made for one pipe-line which is to carry<sup>3</sup> at least 50 per cent. of the oil to reach the sea at a terminal on the Bay of Acre, while a second pipe-line may be constructed under certain conditions at the discretion of the company to another terminal through Syrian territory.

The company undertake to pay to the 'Irāqī Government forthwith, and until regular export from the Mediterranean seaboard begins, a sum of £400,000 annually. Of this sum £200,000 is an advance against royalties, recoverable (without interest) by the company from future royalties when they exceed a minimum figure, and £200,000 is dead rent not recoverable by the company.

The company guarantee a royalty payment at 4 shillings a ton on a minimum production of 2,000,000 tons for a period of twenty years after the pipe-line is opened.

The company undertake to procure reductions in the price of oil products in 'Irāq representing a total decrease of about £120,000 in the present total annual turn-over. The greatest cut, one of 33½ per cent., is in fuel oil.

conditions which will ensure the due development of the 'Irāq oil industry. The Permanent Mandates Commission was unable to obtain precise information from the accredited representative as to the circumstances delaying the exploitation of the oil deposits existing in 'Irāq. It hopes to find particulars on this point in the next annual report. The Commission trusts that the Mandatory Power will see that the competent authorities pursue a policy entirely in conformity with the territory's interests, not only in the event of new concessions being applied for, but also in case it should be necessary to interpret the agreements concluded with existing concessionnaire companies.'

<sup>1</sup> Text in *Special Report 1920-31*, Appendix L (2).

<sup>2</sup> British Government's *Special Report 1920-31*, pp. 221-2.

<sup>3</sup> This phrase 'which is to carry' does not perhaps exactly represent the terms of the agreement, in which the words used are: 'of a carrying capacity of'.—A. J. T.

In execution of the financial provisions of this agreement, the company made their first annual payment to the Government in May 1931.<sup>1</sup> When the second payment fell due—after the fall of the Pound Sterling from its gold parity—on the 1st January, 1932, 'a dispute arose as to the meaning of the provision in the company's convention for payment in gold; and the company proposed to pay in sterling. In February, however, as the result of discussions in London between the Prime Minister, Nūrī Pasha as-Sa'id, and the Company, they paid, without prejudice to either party, the sum of £578,000 in full settlement. When the next instalment fell due on the 1st January, 1933, the company paid the 'Irāqī Government the full amounts due in sterling at the current price of gold.'<sup>2</sup>

In execution of the constructional provisions, a pipe-line system from the Baba Gurgur field was carried across the Tigris at Bayji and across the Euphrates at Hadithah, and was led thence, in a bifurcation, across Transjordan to the Palestinian port of Haifa in the one direction and across Syria to the Lebanese port of Tarabulus (Tripoli) in the other.<sup>3</sup> The first delivery of oil was received at Tarabulus on the 14th July, 1934, and at Haifa on the 14th October of the same year;<sup>4</sup> and the whole pipe-line system was officially opened on the 14th January, 1935, by King Ghāzi at Kirkūk. Inaugural ceremonies were also held at Damascus on the 17th, at Tarabulus on the 19th, at Haifa on the 22nd and at 'Ammān on the 24th.

In pursuance of Article 14 of the convention of the 24th March, 1931, the 'Irāq Petroleum Company formed a marketing company, called 'the Rafidain Oil Company', to supply the petroleum requirements of 'Irāq; and in May 1932 the Khānaqīn Oil Company made over to the Rafidain Oil Company that portion of their business which was concerned with the marketing of oil products in 'Irāq.<sup>5</sup> Certain reservations, in regard to this arrangement between the oil interests, were made by the 'Irāqī Government.<sup>6</sup>

After the conclusion of their agreement of the 24th March, 1931, with the 'Irāq Petroleum Company, the 'Irāqī Government, on the 23rd June, 1931, issued an official *communiqué*<sup>7</sup> inviting applications

<sup>1</sup> *Report 1931*, p. 60.

<sup>2</sup> *Report 1932*, p. 38.

<sup>3</sup> A telephone-line was simultaneously installed along the route of the pipe-line.

<sup>4</sup> By this time, the 'Irāq Petroleum Company had already spent between £15,000,000 and £16,000,000 sterling, of which about £9,500,000 was accounted for by the cost of the pipe-line system.

<sup>5</sup> The Khānaqīn Oil Company continued to carry on their producing and refining activities in the Transferred Territories.

<sup>6</sup> For details see *Report 1932*, p. 40.

<sup>7</sup> Text in *Report 1931*, p. 59.

for the grant of an oil concession or concessions for the whole, or any portion, of 'Irāq which the existing agreements with the 'Irāq Petroleum Company and the Anglo-Persian Oil Company did not cover. In October 1931, the Government considered the applications received, and decided to enter into negotiations with one applicant only, 'the British Oil Development Company Ltd., in the first instance'. These negotiations resulted, on the 20th April, 1932, in the signature of a convention<sup>1</sup> whereby the British Oil Development Company secured exclusive oil rights for seventy-five years over 'all the lands of 'Irāq situated west of the Tigris River and north of the thirty-third parallel of latitude'. On their part, the Company undertook, *inter alia*,

(a) to export a million tons a year within seven-and-a-half years, provided this quantity of petroleum can 'with reasonable diligence' be made available from the Concession area;

(b) to pay the Government annual dead rent until regular export begins as follows:

	£ ( <i>gold</i> )
1st January, 1933 . . . . .	100,000
1st January, 1934 . . . . .	125,000
1st January, 1935 . . . . .	150,000
1st January, 1936 . . . . .	175,000

and 1st January, 1937, and subsequent years, £200,000 (*gold*);

(c) to pay the Government a royalty of four shillings (*gold*) per ton for twenty years after regular export begins, and thereafter, subject to revision on the basis of the Company's profits, such royalty for the first twenty years not to be less than £200,000 (*gold*) provided that the oil resources of the concession area permit of the production of a million tons a year with reasonable diligence on the part of the company;

(d) to allot to the Government free of cost at well-head 20 per cent. of the oil extracted and to purchase this oil from the Government, if required to do so, at a definite rate.<sup>2</sup>

This convention was confirmed by special law on the 29th May, 1932.

These negotiations with the private capitalists of the Western World for the economic exploitation of the principal natural product of the country were perhaps as formidable, and certainly as momentous for the future of the Kingdom, as the negotiations with the Governments of Great Britain and of the *états limitrophes*.<sup>3</sup> It will be seen that, by the time when 'Irāq started on her career as a fully

<sup>1</sup> Text in *Report 1932*, Appendix A.

<sup>2</sup> *Report 1932*, pp. 39-40.

<sup>3</sup> The advantageous terms which 'Irāq obtained from the oil interests were said to have been due in large measure to the personal part that was taken by King Faysal in these negotiations.

sovereign and independent state, upon the extinction of the mandatory régime on the 3rd October, 1932, she had gone far to establish her position in the economic, as well as in the political, structure of the Great Society of which she had now officially become a member.

(d) THE ADMISSION OF THE KINGDOM OF 'IRĀQ TO  
MEMBERSHIP OF THE LEAGUE OF NATIONS

(1). *The Determination of the General Conditions which must be fulfilled in order to bring to an End the Mandatory Régime in any Country under a Mandate*

Of the fourteen territories that were placed under the newly devised mandatory régime in the Peace Settlement after the General War of 1914–18, 'Irāq was the first to be emancipated; and accordingly two distinct questions were raised when the emancipation of 'Irāq became 'practical politics'. Besides the question of the special conditions applying to the case of 'Irāq, there was the prior general question of the conditions to be fulfilled in order to bring the mandatory régime to an end in any country under mandate. The event which brought both these questions on to the agenda of the League Council was the British Government's notification,<sup>1</sup> on the 4th November, 1929, of their intention to recommend 'Irāq for admission to membership of the League in 1932; for while the exact relation between admission to membership and emancipation from mandatory tutelage remained to be decided, it was evident that admission implied emancipation, whether previous or simultaneous. In dealing with the history of these two questions from the time when they were both raised by the action of the British Government, it will be convenient to keep them distinct, as they actually were kept distinct by the League Council.

'On the 13th January, 1930, the Council, after a discussion on the ultimate entry of 'Irāq into the League of Nations, approved of the following resolution:

Being anxious to determine what general conditions must be fulfilled before the mandate régime can be brought to an end in respect of a country placed under that régime, and with a view to such decisions as it may be called upon to take on this matter, the Council, subject to any other inquiries it may think necessary, requests the Mandates Commission to submit any suggestions that may assist the Council in coming to a conclusion.<sup>2</sup>

<sup>1</sup> See the *Survey for 1930*, p. 321.

<sup>2</sup> Minutes of the Eighteenth Session of the Permanent Mandates Commission, p. 170.

When this resolution came on to the agenda for the Mandates Commission's eighteenth session, the Vice-Chairman, Monsieur Van Rees, who was at that time Acting Chairman in the Marquis Theodoli's absence, circulated a memorandum<sup>1</sup> to the Commission in which he discussed the question with reference to the concrete case of 'Irāq; in the course of the session, which was held in June 1930, the Commission referred the question to a sub-committee; and this sub-committee's *rapporteur*, Count de Penha Garcia, in a report<sup>2</sup> submitted to the Commission at its nineteenth session in November 1930, took the view that the Council was not at present asking the Commission to pronounce on the case of 'Irāq, and drafted his observations on the basis of this interpretation. The Commission asked the Council for a further ruling, and on the 22nd January, 1931, the Council confirmed the interpretation of its wishes which Count de Penha Garcia had tentatively adopted. On the same occasion, the Council made it clear that it did not expect the Commission to offer suggestions as to the conditions that might be imposed for the admission of a state formerly under mandate to membership of the League. Thereupon, the general question was discussed by the Commission during its twentieth session in June 1931, and its conclusions were presented to the Council in its report on the work of the session.

In this report the Commission expressed the opinion that the emancipation of a territory under the mandatory régime should be made dependent on two classes of preliminary conditions:

(1) The existence in the territory concerned of *de facto* conditions which justify the presumption that the country has reached the stage of development at which a people has become able, in the words of Article 22 of the Covenant, 'to stand by itself under the strenuous conditions of the modern world';

(2) Certain guarantees to be furnished by the territory desirous of emancipation to the satisfaction of the League of Nations, in whose name the mandate was conferred and has been exercised by the Mandatory.<sup>3</sup>

In regard to the first of these classes of conditions, the Commission submitted that 'whether a people which' had 'hitherto been under tutelage' had 'become fit to stand alone without the advice and assistance of a mandatory' was 'a question of fact and not of principle.

<sup>1</sup> Minutes of the Eighteenth Session of the Permanent Mandates Commission, Annex 3.

<sup>2</sup> Minutes of the Nineteenth Session of the Permanent Mandates Commission, Annex 8.

<sup>3</sup> Minutes of the Twentieth Session of the Permanent Mandates Commission, Annex 16.

It' could 'only be settled by careful observation of the political, social and economic development of each territory. This observation must be continued over a sufficient period for the conclusion to be drawn that the spirit of civic responsibility and social conditions' had 'so far progressed as to enable the essential machinery of a state to operate and to ensure political liberty. There' were, 'however, certain conditions the presence of which' would 'in any case indicate the ability of a political community to stand alone and maintain its own existence as an independent state.

'Subject to these general considerations, the Commission' suggested 'that the following conditions must be fulfilled before a mandated territory' could 'be released from the mandatory régime—conditions which must apply to the whole of the territory and its population:

(a) It must have a settled Government and an administration capable of maintaining the regular operation of essential Government services;

(b) It must be capable of maintaining its territorial integrity and political independence;

(c) It must be able to maintain public peace throughout the whole territory;

(d) It must have at its disposal adequate financial resources to provide regularly for normal Government requirements;

(e) It must possess laws and a judicial organization which will afford equal and regular justice to all.<sup>1</sup>

In regard to the second class of conditions, the Commission suggested 'that the guarantees to be furnished by the new state before the mandate' could 'be brought to an end should take the form of a declaration binding the new state to the League of Nations, or of a treaty or a convention or of some instrument formally accepted by the Council of the League as equivalent to such an undertaking'.

The Commission went on to suggest 'that, without prejudice to any supplementary guarantees which might be justified by the special circumstances of certain territories or their recent history, the undertakings of the new state should ensure and guarantee:

(a) The effective protection of racial, linguistic and religious minorities;

(b) The privileges and immunities of foreigners (in the Near Eastern territories), including consular jurisdiction and protection as formerly practised in the Ottoman Empire in virtue of the capitulations and usages, unless any other arrangement on the subject has been previously approved by the Council of the League of Nations in concert with the Powers concerned;

<sup>1</sup> *Op. cit.*, pp. 228-9.

(c) The interests of foreigners in judicial, civil and criminal cases, in so far as these interests are not guaranteed by the capitulations ;

(d) Freedom of conscience and public worship and the free exercise of the religious, educational and medical activities of religious missions of all denominations, subject to such measures as may be indispensable for the maintenance of public order, morality and effective administration ;

(e) The financial obligations regularly assumed by the former Mandatory Power ;

(f) Rights of every kind legally acquired under the mandate régime ;

(g) The maintenance in force for their respective duration, and subject to the right of denunciation by the parties concerned, of the international conventions, both general and special, to which, during the mandate, the Mandatory Power acceded on behalf of the mandated territory.

'In addition to the foregoing essential clauses,' the Permanent Mandates Commission considered 'that it would be desirable that the new state, if hitherto subject to the Economic Equality Clause, should consent to secure to all States Members of the League of Nations the most-favoured-nation treatment as a transitory measure on condition of reciprocity.'<sup>1</sup>

This important report, which had been evoked indirectly by the prospect of the emancipation of 'Irāq, had of course a close bearing upon the liquidation of the mandatory régime in that country as well as in other countries in which the same constitutional development might eventually take place.

The report came before the League Council on the 4th September, 1931; and, after a discussion in which the Italian representative, Signor Grandi, took the lead, the Council duly took note of the report and adopted a resolution to the effect that

in view of the responsibilities devolving upon the League of Nations, the Council decides that the degree of maturity of mandated territories which it may in future be proposed to emancipate shall be determined in the light of the principles thus laid down, though only after a searching investigation of each particular case. The Council will naturally have to examine with the utmost care all undertakings given by the countries under mandate to the Mandatory Power in order to satisfy itself that they are compatible with the status of an independent state and, more particularly, that the principle of economic equality is safeguarded in accordance with the spirit of the Covenant and with the recommendations of the Mandates Commission.

The Mandates Commission's report was also discussed, in the course of the same month, in the Sixth Committee of the League Assembly; and on the 23rd September, 1931, the Assembly itself, on its Sixth Committee's recommendation, endorsed the action of the Council.

<sup>1</sup> *Op. cit.*, p. 229.



(2). *The Determination of the Special Conditions which must be fulfilled in order to bring to an End the Mandatory Régime in 'Irāq*

The task of advising the League Council in regard to the general conditions which ought to be fulfilled in order to bring to an end the mandatory régime in any country under a mandate was not so difficult for the Permanent Mandates Commission to perform as was its task of giving the corresponding advice in concrete terms with reference to the particular case of 'Irāq. In this case, the heart of the difficulty was that the Commission as a whole, and its members individually, were debarred *de facto*—by a constitutional convention which had governed their proceedings since the beginning—from informing themselves at first hand by visiting the mandated territories and studying conditions on the spot. Owing to this convention, any departure from which would undoubtedly have been resisted by the Mandatory Powers, the Commission's sole source of information was the printed word, apart from their official colloquies with the accredited representatives of the Mandatory Powers who attended the sessions of the Commission at Geneva, and occasional private interviews, at the same place, with petitioners. This was a serious handicap to the Commission in the performance of its work—a handicap which was mitigated, but not counteracted, by the fact that the majority of the members of the Commission were retired colonial administrators who, in the light of their own past experience, could presumably obtain more illumination than mere laymen were likely to obtain from an interview or a document. The Commission was perpetually conscious of the handicap and was frequently irked by it, as the minutes of the Commission's proceedings show; and it was particularly embarrassed when, under these hampering conditions, it was called upon to advise the Council on so serious a matter as the liquidation of the mandatory régime in a particular mandated territory.

It addressed itself, however, to the task as soon as the British Government's notification of the 4th November, 1929, came to its notice during its sixteenth session, which opened at Geneva on the 6th of the same month. With reference to this notification, the Commission's report to the Council on its sixteenth session contained the following passage:

The Commission realizes the extreme importance of this communication. It would welcome the entry of 'Irāq into the League of Nations if and when certain conditions were fulfilled, in particular that it becomes apparent that 'Irāq is able to stand alone, and that effective guarantees be secured for the observance of all treaty obligations in 'Irāq for the benefit of racial and religious minorities and of the States Members of

the League of Nations. The Commission considers, however, that it would be premature to express any opinion at the present time on the proposal of the Mandatory Power, which will not take effect until 1932. In the meantime it has taken the opportunity, while examining the report for 1928—and will do so in examining subsequent reports—to ask the accredited representative such questions as relate to the two foregoing conditions. Its questions therefore deal particularly with 'Irāq's ability effectively to govern itself, with its relations with States Members of the League of Nations, as, for instance, the position of foreign nationals as regards judicial matters, religious liberty and economic equality; and also with the guarantees of the rights of racial and religious minorities.<sup>1</sup>

It has been mentioned already<sup>2</sup> that the Vice-Chairman of the Commission, Monsieur Van Rees, took the particular case of 'Irāq as his text in the memorandum which he circulated to his colleagues at the eighteenth session of the Commission, in June 1930, in regard to the Council's inquiry of the 13th January, 1930, about the general conditions for the liquidation of mandates. At its nineteenth session, in November 1930, the Commission examined the Mandatory Power's report for 1929 and questioned its accredited representative at Geneva 'with a view to ascertaining the progress made by 'Irāq towards political maturity'; and it reported to the Council that it did not feel that it had 'yet obtained sufficient information to begin to formulate an opinion on the progress achieved by 'Irāq as a result of eight years under the mandate régime'.<sup>3</sup> At a meeting of the Council on the 22nd January, 1931, at which this report was considered, the British representative announced that 'the British Government would . . . at once take steps to prepare a comprehensive report containing a review of the progress made in 'Irāq under the mandatory régime, a general *exposé* of the existing situation, and all the information which it considered likely that the Commission would wish to possess;' and the outcome was a *Special Report on the Progress of 'Irāq during the Period 1920-31*.<sup>4</sup> This report was duly examined by the Commission in June 1931, during its twentieth session; and 'this examination was of particular interest, inasmuch as the Commission enjoyed the help of Sir Francis Humphrys, the High Commissioner, and his chief assistant, Major H. W. Young, who gave very valuable particulars supplementary to those contained in the report'.<sup>5</sup> In consequence, in its report to the Council on the work

<sup>1</sup> Minutes of the Sixteenth Session of the Permanent Mandates Commission, p. 203.

<sup>2</sup> On p. 195, above.

<sup>3</sup> Minutes of the Nineteenth Session of the Permanent Mandates Commission, p. 207.

<sup>4</sup> British Parliamentary Paper Colonial No. 58 of 1931.

<sup>5</sup> Minutes of the Twentieth Session of the Permanent Mandates Commission, p. 233.

of the session, the Commission was able to make the following announcement:

So far as its normal sources of information permit, the Commission is . . . now in a position, to the extent compatible with the nature of its functions and its procedure, and subject to the information which has been promised to it, to express its views of the Mandatory Power's proposal for the termination of the 'Irāq mandate. As soon as the Council has reached a decision as to the general conditions which must be fulfilled before a mandate can be brought to an end, the Commission will be ready to submit to the Council its opinion on the British proposal regarding 'Irāq, after examining that proposal in the light of the Council's resolution.<sup>1</sup>

At a meeting of the Council on the 4th September, 1931, this announcement, on the Commission's part, was welcomed by the British representative; and thereupon, at the same meeting, the Council requested the Commission

to submit its opinion on the proposal of the British Government for the emancipation of 'Irāq after consideration of the same in the light of the resolution of the Council of the 4th September, 1931, with regard to the general conditions to be fulfilled before a mandate can be brought to an end.

Accordingly, at its twenty-first session, in October and November 1931, the Commission drew up a special report to the Council in which its opinion on the question of the emancipation of 'Irāq was presented within the framework of its previous report on the general conditions for emancipation (this previous report of the Commission being the basis of the Council's resolution of the 4th September, 1931, on general conditions).<sup>2</sup>

This special report of November 1931 reflected the difficulties which the Commission had encountered and the apprehensions which it had felt in coming to grips with the problem of the emancipation of 'Irāq during the two years that had passed since the Commission had first been seised of the question through the British Government's notification of the 4th November, 1929. The Commission evidently felt special concern over three points: first, the independence of 'Irāq if and when the Anglo-'Irāqī treaty of the 30th June, 1930,<sup>3</sup> were brought into force by the termination of the mandatory régime; second, the protection of foreign residents and foreign interests in 'Irāq after the termination of the mandatory régime; and, third, the protection of minorities. A perusal of the minutes

<sup>1</sup> *Op. cit.*, *loc. cit.*

<sup>2</sup> See p. 197, above.

<sup>3</sup> For the terms of this treaty see the *Survey for 1930*, Part III, section (vi).

of the meetings of the Commission during those two years gives the impression that, on any one of these heads, the Commission would have been inclined to pronounce that the necessary conditions for a liquidation of the mandatory régime in 'Irāq were unlikely, in its opinion, to be fulfilled by the year 1932—supposing that the Commission had been compelled to take the whole responsibility for advising the Council on the basis of the imperfect evidence that was at the Commission's disposal. Such an adverse verdict, however, would have involved the Commission in a direct opposition to the considered opinion of the Mandatory Power—a party which did possess that first-hand knowledge of the situation on the spot which the Commission was so acutely conscious of not possessing. The Commission thus found itself in a dilemma from which it was only released by the solemn declaration which was made to it on the 19th June, 1931, on behalf of the British Government, by Sir Francis Humphrys, the British Government's accredited representative at Geneva and High Commissioner at Baghdad.<sup>1</sup> This was the background of the Commission's special report of November 1931, from which we must be content to quote a few passages:<sup>2</sup>

The Commission desires to point out that it has had no opportunity of observing at first hand the moral condition and internal policy of 'Irāq, the degree of efficiency reached by its administrative organization, the spirit in which its laws are applied and in which its institutions function. In judging the actual situation in 'Irāq, the Commission can therefore only endeavour to reach a conclusion on the basis of the annual reports of the Mandatory Power and the special report entitled *Progress of 'Irāq during the Period 1920-31*, together with the explanations furnished year by year by the accredited representatives of the Mandatory Power during the examination of these reports and the numerous petitions addressed to the League of Nations by inhabitants of 'Irāq or by third parties with the observations of the Mandatory Power upon them. The views of the British Government as to the political maturity of 'Irāq are the views of the guide who has constantly seen and directed the rapid progress made by that country during the mandatory régime. The full significance of these views is recognized when they are considered in conjunction with the declaration made by the accredited representative of that Government at the twentieth session of the Mandates Commission—the great importance of which the Council will certainly have appreciated—to the effect that:

'His Majesty's Government fully realizes its responsibility in recom-

<sup>1</sup> For this declaration and Lord Hailsham's subsequent interpretation of it see pp. 148-9, above. For its effect on the Commission's action see the passage quoted on this page and the next from their special report of November 1931.

<sup>2</sup> The full text will be found in the Minutes of the Twenty-First Session of the Commission, Annex 22, pp. 221-5.

mending that 'Irāq should be admitted to the League, which is, in its view, the only legal way of terminating the mandate. Should 'Irāq prove herself unworthy of the confidence which had been placed in her, the moral responsibility must rest with His Majesty's Government. . . .'<sup>1</sup>

Had it not been for this declaration, the Commission would, for its part, have been unable to contemplate the termination of a régime which appeared some years ago to be necessary in the interest of all sections of the population.

In the report on the *Progress of 'Irāq during the Period 1920-31*, the Permanent Mandates Commission noted the following passage:

'They (His Majesty's Government) have never regarded the attainment of an ideal standard of administrative efficiency and stability as a necessary condition either of the termination of the mandatory régime or of the admission of 'Irāq to membership of the League of Nations. Nor has it been their conception that 'Irāq should from the first be able to challenge comparison with the most highly developed and civilized nations in the modern world.'<sup>2</sup>

This conception of the requirements which must be insisted upon in emancipating a country hitherto under mandate has appeared to the Commission to be sound.

This was the point of view from which the Commission proceeded when formulating in the present report its opinion as to the existence in 'Irāq of *de facto* conditions which satisfy the general conditions contained in the Council resolution of the 4th September, 1931.

The Commission then recapitulated the five conditions<sup>3</sup> which it had laid down in its report on the general problem of liquidating mandates which the Council had taken note of in its resolution of the 4th September, 1931, on that subject. The Commission now proceeded to deal with the question 'whether these conditions really existed in 'Irāq'; and it reported that it had arrived at the following opinion, based on the accompanying considerations:

(a) The accredited representative, while not claiming that the administration of 'Irāq had attained perfection, stated on behalf of the British Government that the first condition was fulfilled in 'Irāq. As the Commission has no information which would justify a contrary opinion, it considers that the assumption may be accepted that 'Irāq now possesses a settled Government and an administration capable of maintaining the regular operation of essential Government services.

(b) The present military establishment of 'Irāq is not such that this country can be regarded as capable of maintaining its territorial integrity and political independence against a foreign aggressor by means of its own national forces. On the other hand, if 'Irāq should be admitted to the League of Nations, it would enjoy the guarantees of security

<sup>1</sup> See Minutes of the Twentieth Session of the Permanent Mandates Commission, p. 134.

<sup>2</sup> See *Special Report 1920-31*, pp. 10 and 11.

<sup>3</sup> For the text of these conditions see p. 196, above.

which all the States Members of the League derive from the Covenant. In the same eventuality the Anglo-'Irāqī Treaty of Alliance of the 30th June, 1930, would automatically come into force, and under Article 4 of this treaty the contracting parties are bound to afford each other mutual and immediate help in case of war. In these circumstances, and if the termination of the mandatory régime is accompanied by the admission of 'Irāq to the League of Nations, the Commission considers that 'Irāq fulfils the second condition, interpreted in the sense attached to it by the Commission itself.

(c) During the present session, the accredited representative of the Mandatory Power also stated that the 'Irāq Army and Police would be sufficient to cope with anything that could be reasonably foreseen. The Commission accepts this judgement, having no information to the contrary. It expresses the opinion that the present situation in 'Irāq justifies the acceptance of the assumption that the Government is able to maintain the public peace throughout the whole territory.

(d) The Commission does not propose to express an opinion on the solidity of the financial system of a state whose credit has not yet been tested and whose national currency has not yet been put into circulation. The present financial situation of 'Irāq is undoubtedly sound, and the latent resources of the country are considerable. Furthermore, the Commission found nothing in the information supplied by the Mandatory Power which might lead it to suppose that 'Irāq, provided that the public revenues continue to be prudently managed and that steps are taken to encourage economic development, will not have at its disposal adequate financial resources to provide regularly for normal Government requirements.

(e) The Commission is of opinion that 'Irāq possesses laws and a judicial organization which, subject to certain readjustment and improvements, the necessity of which was recognized by the accredited representative of the Mandatory Power, and provided that at least the same guarantees be assured as [in] the Anglo-'Irāqī Judicial Agreement of the 4th March, 1931,<sup>1</sup> will afford uniform justice to all.

The Commission then went on to recapitulate the seven points<sup>2</sup> which—without prejudice to any special supplementary guarantees—should be ensured and guaranteed by the undertakings that ought to be required of any state under mandate, upon its emancipation from the mandatory régime, in the Commission's opinion as expressed in its previous report on the general problem. The Commission's application of these seven points to the particular question of the undertakings that ought to be required of 'Irāq need not be recorded here, since the Commission's recommendations were substantially embodied in the terms of the undertakings which were duly entered into by the 'Irāqī Government in the event, as is recorded below.

<sup>1</sup> For this agreement see the *Survey for 1930*, Part III, section (vii).

<sup>2</sup> For the text of these points see pp. 196–7, above.

mending that 'Irāq should be admitted to the League, which is, in its view, the only legal way of terminating the mandate. Should 'Irāq prove herself unworthy of the confidence which had been placed in her, the moral responsibility must rest with His Majesty's Government. . . .'<sup>1</sup>

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(b) The present military establishment of 'Irāq is not such that this country can be regarded as capable of maintaining its territorial integrity and political independence against a foreign aggressor by means of its own national forces. On the other hand, if 'Irāq should be admitted to the League of Nations, it would enjoy the guarantees of security

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<sup>2</sup> See *Special Report 1920-31*, pp. 10 and 11.

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(c) During the present session, the accredited representative of the Mandatory Power also stated that the 'Irāq Army and Police would be sufficient to cope with anything that could be reasonably foreseen. The Commission accepts this judgement, having no information to the contrary. It expresses the opinion that the present situation in 'Irāq justifies the acceptance of the assumption that the Government is able to maintain the public peace throughout the whole territory.

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<sup>1</sup> For this agreement see the *Survey for 1930*, Part III, section (vii).

<sup>2</sup> For the text of these points see pp. 196-7, above.



The report concluded as follows:

Except as regards protection of minorities, for which the procedure is provided above, the Commission recommends that 'Irāq should be requested to accept that any difference of opinion arising between 'Irāq and any Member of the League of Nations relating to the interpretation or the execution of the undertakings assumed before the Council may, by an application by such Member, be submitted to the Permanent Court of International Justice.

Finally the Commission, in conformity with the Council's resolution of the 4th September, 1931, examined the undertakings entered into by 'Irāq with Great Britain from the point of view of their compatibility with the status of an independent state. After having carefully considered the text of these undertakings and having heard the explanations and information on the subject from the accredited representative, the Commission came to the conclusion that, although certain of the provisions of the Treaty of Alliance of the 30th June, 1930, were somewhat unusual in treaties of this kind, the obligations entered into by 'Irāq towards Great Britain did not explicitly infringe the independence of the new state.

In the light of this special report from the Mandates Commission, the Council adopted the following resolution on the 28th January, 1932:

The Council,

Having to consider the special case of the termination of the mandate for 'Irāq:

(1) Notes the opinion formulated, at its request, by the Permanent Mandates Commission on the proposal of the British Government;

(2) Considers that the information available is sufficient to show that 'Irāq satisfies, generally speaking, the *de facto* conditions enumerated in the Annex<sup>1</sup> to the Council resolution of the 4th September, 1931;

(3) Declares itself prepared, in principle, to pronounce the termination of the mandatory régime in 'Irāq, when that state shall have entered into undertakings before the Council in conformity with the suggestions contained in the report of the Permanent Mandates Commission, it being understood that the right to apply to the Permanent Court of International Justice may only be exercised by Members of the League represented on the Council;

(4) Accordingly requests its rapporteurs for minorities questions, questions of international law and mandates, and the representative of the United Kingdom on the Council, to prepare, in consultation with the representative of the 'Irāqī Government, and, if necessary, with a representative of the Permanent Mandates Commission, a draft Declaration covering the various guarantees recommended in the report of the Permanent Mandates Commission, and to submit that draft to the Council at its next session;

(5) Decides that, should the Council, after examining the undertakings

<sup>1</sup> This Annex was, of course, the Commission's report on general conditions.

which would be entered into by the 'Irāqī Government, pronounce the termination of the mandatory régime over that territory, such decision shall become effective only as from the date on which 'Irāq has been admitted to the League of Nations.

The Committee which was thus constituted started work at once and reported to the Council on the 9th May, 1932.<sup>1</sup> The report covered the text of a draft declaration<sup>2</sup> to be subscribed to by the 'Irāqī Government, which, in the Committee's opinion, was 'such as to satisfy the conditions laid down by the Council . . . and the recommendations contained in the special report of the Permanent Mandates Commission,' while at the same time the Committee was able to forecast that the draft 'would in every way prove acceptable to 'Irāq' since it had been discussed with the Prime Minister of 'Irāq and took full account of the wishes expressed by him.

The draft declaration embraced all the subjects on which the Commission had recommended that undertakings should be asked for, and it divided these subjects into two chapters. 'The first chapter' was 'exclusively devoted to the protection of minorities. The second chapter' contained 'provisions relating to the most-favoured-nation clause, the situation of foreigners in the judicial sphere, international conventions, acquired rights and the financial obligations contracted by the Mandatory Power, freedom of conscience and the activities of religious missions, and the procedure of appeal'. The minorities protection chapter consisted mainly of 'provisions of a general character contained in the treaties or declarations already in force in a certain number of countries'—the Albanian Declaration<sup>3</sup> serving, as a rule, as a model for the text. Since this common form of minorities protection clauses has already been dealt with in this series,<sup>4</sup> the relevant articles of the draft 'Irāqī Declaration need not be analysed here. At the same time, the Committee considered it necessary to insert in the 'Irāqī Declaration two special clauses: one (Article 6) relating to the personal status and family law of non-Muslim minorities, and the other (Article 9) taking into account the situation of the Kurdish minority. The texts of these two articles ran as follows:

*Article 6.* The 'Irāqī Government undertakes to take as regards non-Muslim minorities, in so far as concerns their family law and personal status, measures permitting the settlement of these questions in

<sup>1</sup> Text of its report in *League of Nations Official Journal*, July 1932, Annex 1373, pp. 1342–7.

<sup>2</sup> Text in *op. cit.*, pp. 1347–50.

<sup>3</sup> See the *History of the Peace Conference of Paris*, vol. vi, p. 572.

<sup>4</sup> See the *Survey for 1920–3*, Part III, section (i).

accordance with the customs and usage of the communities to which those minorities belong. The 'Irāqī Government will communicate to the Council of the League of Nations information regarding the manner in which these measures have been executed.

*Article 9.* 1. 'Irāq undertakes that, in the liwās of Mosul, Arbīl, Kirkūk and Sulaymāniyah, the official language, side by side with Arabic, shall be Kurdish in the qadās in which the population is predominantly of Kurdish race. In the qadās of Kifrī and Kirkūk, however, in the liwā of Kirkūk, where a considerable part of the population is of Türkmen race, the official language, side by side with Arabic, shall be either Kurdish or Turkish.

2. 'Irāq undertakes that, in the said qadās the officials shall, subject to justifiable exceptions, have a competent knowledge of Kurdish or Turkish, as the case may be.

3. Although in these qadās the criterion for the choice of officials will be, as in the rest of 'Irāq, efficiency and knowledge of the language, rather than race, 'Irāq undertakes that the officials shall, as hitherto, be selected, so far as possible, from among 'Irāqīs from one or other of these qadās.

In the drafting of the second chapter of the declaration, the most contentious passage was the most-favoured-nation clause.<sup>1</sup> The draft finally agreed upon was that

Subject to reciprocity, 'Irāq undertakes to grant to Members of the League most-favoured-nation treatment for a period of ten years from the date of its admission to membership of the League of Nations.

This undertaking, however, was hedged about with qualifications which were designed to provide fair safeguards for 'Irāq's legitimate interests.

The draft article on judicial organization ran as follows:

A uniform system of justice shall be applicable to all, 'Irāqīs and foreigners alike. It shall be such as effectively to ensure the protection and full exercise of their rights both to foreigners and to nationals. The judicial system at present in force, and based on Articles 2, 3 and 4 of the Agreement between the Mandatory Power and 'Irāq, signed on the 4th March, 1931, shall be maintained for a period of ten years from the date of the admission of 'Irāq to membership of the League of Nations. Appointments to the posts reserved for foreign jurists by Article 2 of the said Agreement shall be made by the 'Irāqī Government. Their holders shall be foreigners, but selected without distinction of nationality; they must be fully qualified.

<sup>1</sup> The principal original purpose of this clause may have been to safeguard the interests of third parties against the possibility of the establishment of anything in the nature of a British monopoly of 'Irāq's foreign trade. At the same time, 'Irāq herself was concerned to secure herself against being compelled to start life as a politically independent state under an onerous economic servitude either to Great Britain or to any other foreign country.

The Anglo-'Irāqī Judicial Agreement of the 4th March, 1931, had been approved both by the Council of the League and by the fourteen Powers whose nationals had enjoyed capitulatory rights in the former Ottoman Empire; but the Anglo-'Irāqī Agreement itself, and, with it, the acquiescence of the *ci-devant* capitulatory Powers in the suspension of their capitulatory rights, 'was only valid for the duration of the mandatory régime in 'Irāq', and therefore 'the capitulation system would automatically come into force again on the expiration of the mandatory régime, unless explicitly renounced by the Powers in question. Hence, the Committee first of all considered referring expressly, in the draft Declaration, to the rights of those Powers. It refrained from doing so, however, on the assumption that the Mandatory Power would succeed in obtaining the consent of the Governments concerned before the decision putting an end to the mandate for 'Irāq' became 'effective. In order to facilitate the Mandatory Power's task in this connexion, the Committee . . . recommended to the Council to ask the Powers in question to renounce on behalf of their nationals, before 'Irāq's admission as a Member of the League of Nations, the former jurisdictional privileges which would no longer be justified under the judicial system proposed for 'Irāq.' The likelihood that the capitulatory Powers would accept Article 12 of the draft 'Irāqī Declaration, as they had already accepted the Anglo-'Irāqī Agreement of the 4th March, 1931, was manifestly increased by the fact that the one substantial difference between the terms of the Agreement and those of the Declaration was a change which might be to these Powers' advantage. In the Agreement it was stipulated that the nine foreign jurists who were to be included in the 'Irāqī magistrature should all be of British nationality; in the Declaration, this British monopoly was struck out.

Article 15 of the draft Declaration, safe-guarding freedom of conscience, was inserted because it covered a considerably wider field than Article 2 in the minorities protection chapter.

In the final clause (Article 16), the Committee followed the Council's ruling on the only point in which it had departed from the recommendations of the Mandates Commission. The draft of this article ran as follows:

The provisions of the present chapter constitute obligations of international concern. Any Member of the League of Nations may call the attention of the Council to any infraction of these provisions. They may not be modified except by agreement between 'Irāq and the Council of the League of Nations acting by a majority vote. Any difference of opinion which may arise between 'Irāq and any Member of the League

of Nations, represented on the Council, with regard to the interpretation or the execution of the said provisions, shall, by an application by such Member, be submitted for decision to the Permanent Court of International Justice.

The right of recourse to the Permanent Court, which was thus confined to States Members of the League which were represented on the Council, was to have been given, according to the Mandates Commission's recommendation, to all States Members without this limitation.

This draft 'Irāqī Declaration, together with the covering report of the Council's Committee, was approved by the Council itself on the 19th May, 1932, in a resolution in which the Council also recommended the capitulatory Powers to renounce their capitulatory rights before the admission of 'Irāq to membership of the League. On the 13th July, the Secretary-General was able to inform the Council that the Declaration had been duly signed and ratified by the 'Irāqī Government; and on the 21st September the British Government were able to report that all the fourteen capitulatory Powers had followed the Council's recommendation. The way was now clear for taking the last step in a long process; and at a meeting of the League Assembly at Geneva on the 3rd October, 1932, 'Irāq was admitted to membership by the unanimous vote of fifty-two states.

Would the new member of the League of Nations prove capable of living up to the status that had now been conferred upon her? This was an important question, not only on account of its bearing upon the welfare of some millions of people in 'Irāq itself and in the countries with which she was in political, financial and geographical relations, but also because the emancipation of 'Irāq from the mandatory régime was the first concrete test of a post-War international institution which was evidently susceptible of wide application if it were to prove a success, while, if it broke down at this first essay, it might be discredited without there being any alternative to introduce in its place. In the case of 'Irāq, the crux was evidently the problem of minorities; for the Kurdish minority, which had been associated with the Arab majority through the assignment to 'Irāq of the Mosul vilāyet,<sup>1</sup> was formidably numerous, backward and turbulent, while the Assyrian minority, though smaller in numbers, was not less turbulent and was perhaps less tractable.<sup>2</sup>

The paramount importance of this minorities problem in 'Irāq was recognized by the Council's Committee when, in drafting the

<sup>1</sup> See the *Survey for 1925*, vol. i, Part III, section (xi); and sub-section (b) (2), above.

<sup>2</sup> See sub-section (b) (3), above.

'Irāqī Declaration, it gave the protection of minorities a chapter to itself. In the section dealing with this chapter in the accompanying report, the Committee made the following observations:

As regards the substantive provisions, the Committee desires, first, to emphasize the satisfaction with which it has noted that many of the constitutional and legislative provisions of 'Irāq are based on a very liberal conception of the rights to be accorded to racial, linguistic or religious minorities. It is happy to recall the fact that, during the course of the proceedings, the Prime Minister made it clear that that conception has as its starting-point the idea that all 'Irāqī nationals, irrespective of race, language or religion, form part, on a footing of equality, of the body of the state. . . .

Furthermore, the Committee noted with satisfaction the statement made by Sir Francis Humphrys at the twenty-first session of the Permanent Mandates Commission, to the effect that the laws concerning the Councils of the Jewish and Armenian communities had been drawn in consultation with the lay and spiritual advisers of the parties and had given general satisfaction. The Committee is confident that the laws regarding the councils of the other religious communities will be drawn up in the same spirit.

The minorities problem was referred to with equal emphasis, though perhaps with less optimism, by the French and Norwegian representatives on the Council when the Committee's report was discussed on the 19th May, 1932.

As 'Irāq was one of those countries of the Near East where autonomy was based on traditional ideas, the French representative wondered whether it would not have been possible—in the case where the living conditions of the populations permitted it—to institute the minority system in the form of an administrative autonomy. . . .

With regard to [the] duty of supervision, the Council Committee had confined itself to embodying in its text the general guarantee clause laid down in the minority treaties; but it had stated in the report containing its comments on the declaration that it had not gone further, as invited by the Mandates Commission, because this clause was 'sufficiently elastic to be adjusted in practice to the special circumstances of 'Irāq'. Monsieur Paul-Boncour desired note to be taken of this observation, which made clear the meaning of Article 10 of the declaration drawn up for 'Irāq. The Council could not fail to observe that the methods which the very general terms of the guarantee clause entitled it to adopt were not necessarily the same in every case. They must, on the contrary, vary in accordance with the concrete problems to be solved. Obviously the Council would take a very different view of the matter in the case of a well-developed state with established traditions, where the minority clauses met the need for adapting circumstances to territorial changes, and of a state which, under the collective responsibility of the Council, was being trained for political freedom. It was therefore legitimate, and even essential, to indicate clearly that the Council had special

responsibilities in the latter case, that it must avail itself of every means of fulfilling its obligations, and that any decisions it might be called upon to take must not create any precedent which might affect the jurisprudence of the protection of minorities in its application to the states he had just mentioned.

Monsieur Andvord desired most emphatically to endorse the French representative's observations concerning the protection of minorities in 'Irāq—one of the subjects of the draft Declaration before the Council.

These warnings at the eleventh hour were echoes of apprehensions that had been repeatedly expressed, since the beginning of the year 1930,<sup>1</sup> on the Council and on the Mandates Commission of the League, in the French, Italian and British Press, and in the Parliament at Westminster. Such forebodings were unhappily justified, after the event, by the tragic history—which has been dealt with already by anticipation<sup>2</sup>—of the relations of the 'Irāqī Government with the Assyrian minority in 1933. Yet, in any attempt to appraise the extent to which the newly emancipated Arab Kingdom fell short of living up to the standards which she had undertaken to maintain, the observer must be on his guard against being unduly influenced in his judgment by the pitifulness of the Assyrians' fate and by the blackness of the massacre of Sīmel.<sup>3</sup> The Assyrian problem in 'Irāq was in several ways peculiar and indeed unique. The greater part of this Assyrian minority were not natives of 'Irāq but strangers within her gates; the Assyrians were self-willed and pugnacious by tradition; and since their expulsion from their ancestral home in Hakkīyārī during the War of 1914–18, they had also become partly demoralized by being maintained on a dole as refugees, and partly spoilt by being taken into the military service of their English fellow foreigners and fellow Christians who had entered 'Irāq at the same moment as the Assyrians, but entered as conquerors and not as exiles. If, after the emancipation of 'Irāq from the mandatory régime, the relations between these Assyrian immigrants and the young Arab state went wrong, this was largely the fault of the Assyrians themselves, and still more the fault of the British, who were blameworthy on two distinct counts: first for having compromised the Assyrians' relations with the Arabs by taking the Assyrians into British military service to suit British convenience,<sup>4</sup> and in the second place for having prematurely sought and obtained release from their mandatory responsibilities in 'Irāq—again, to suit British convenience

<sup>1</sup> See the *Survey for 1930*, pp. 326–7.

<sup>2</sup> In sub-section (b) (3), above.

<sup>3</sup> See pp. 162–5, above.

<sup>4</sup> On this point see the *Survey for 1925*, vol. i, p. 21, and the present volume, pp. 136–7, 138 n., above.

—with the result that the Arabs and Assyrians, after having thus been embroiled with one another, were now left to settle accounts between themselves as best they could. Of the three parties to the tragedy of 1933, the 'Irāqī Arab Government were assuredly the least to blame; and it is noteworthy that, while the Assyrian trouble quickly took its disastrous turn, there were no comparable contemporary upheavals in the relations of the 'Irāqī Government either with the other non-Arab minorities<sup>1</sup> or with foreign residents and interests. In fact, apart from the Assyrian tragedy, there was no suggestion that 'Irāq had either failed to carry out her undertakings to the League Council or proved not to pass muster under the test of the five conditions<sup>2</sup> of fitness for sovereign independence which the Mandates Commission had laid down. Certainly an impartial critic would not absolve the 'Irāqī Government from reproach for the elements of incompetence, ill will and brutality which were unhappily displayed by a certain number of 'Irāqī soldiers and other public servants in the handling of the Assyrian difficulty after the restraints of the mandatory régime had been removed;<sup>3</sup> but the critic would equally not forbear to point out that it was a formidable ordeal for a newly fledged state to start life with such a difficult and unusual problem on its hands, and that, whatever may be thought of the 'Irāqī Government's response to this challenge, it must at any rate be conceded that the Government did not allow the Assyrian trouble to overwhelm them, but managed to carry on their administration creditably in other parts of the field.

### ADDITIONAL NOTES

(1) *King Faysal as a Political Factor in the Emancipation of 'Irāq from the Mandatory Régime*

The extent of the loss which 'Irāq suffered by King Faysal's death could hardly be exaggerated. If ever a man was irreplaceable it was he; for he alone in Baghdad understood the tribal mentality and could attempt to bridge the wide gap between townsman and tribesman. The problem of the Middle Euphrates constituted an even greater danger to 'Irāq than that of the Kurds; for the Kurds were not united and they were lightly

<sup>1</sup> For the 'Irāqī Government's subsequent troubles with the Shi'i Arab tribesmen on the Middle Euphrates, see Additional Note 2, below.

<sup>2</sup> See p. 196, above.

<sup>3</sup> It was a tragic misfortune, for all concerned, that King Faysal died suddenly and unexpectedly on the 8th September, 1933, on the morrow of the Assyrian catastrophe. For an estimate of the effect of King Faysal's personality as a guiding and moderating influence upon the Government of the infant kingdom of 'Irāq, see Additional Note 1, below.



taxed ; and, moreover, the Baghdad Government intended to leave them alone as much as possible so that even the stupidest Kurd, though he might dislike the Arab, could hardly help seeing how much better off he was in 'Irāq than in Turkey or Persia.

Faysal's path, though he achieved his great ambition of being King of an independent 'Irāq, was far from easy. In the first place he was a foreigner and a Sunnī in a country where the great majority of Arabs were Shī'is—and the religious differences between Sunnī and Shī'ah were still acute. It is true that his money (obtained from Britain) was one of the inducements to the tribes to revolt in 1920, but he personally was almost unknown. It is also true that, while his election as King was on paper almost unanimous in Southern 'Irāq, the majority of the Arab tribes actually consulted their British advisers before voting for him ; and when Major Philby, then adviser to the Ministry of Interior, wanted the election to be actually free, he was forced to resign.

Faysal's first task, then, was to build up a party of his own. He was accompanied or shortly followed to Baghdad by certain Baghdādī officers (mainly of comparatively obscure origin) who had served in the Turkish Army and then with him in the Hijāz. The chiefs were Nūrī Pasha and Ja'far Pasha al-'Askari. He was also accompanied by certain Syrian Arabs, such as Rustam Haydar and Tahsin Qādīrī. Towards these last, to whom Faysal always remained loyal, a good deal of jealousy was felt by others, notably by Rashīd 'Alī Beg al-Gilānī, a real Baghdādī ; Hikmat Beg Sulaymān (brother of Shafkat Beg of the Committee of Union and Progress), who was more a Turk than an Arab ; and, most important of all, by Yāsīn Pasha al-Hāshimī. Yāsīn Pasha was by origin a Baghdādī of not particularly distinguished birth. During the War of 1914-18 he did not desert the Turks but rose to be a General and gained not a few successes against the British troops in Transjordan.

Faysal had above all things to hold the balance between the British and his nationalist extremists. He had the political sense to realize that without British support 'Irāq would be badly off in face of hostile neighbours, while he also realized, unlike most 'Irāqīs, that Great Britain did in fact intend to give up her mandate sooner or later and that then he would have no High Commissioner to fall back on in respect of internal affairs. He fully understood the importance of the Middle Euphrates, and with some success attempted to conciliate the tribes. He made mistakes, as was inevitable. At times he allowed political considerations too much weight in administrative affairs. His attempts to acquire land for himself—for he had no private fortune—laid him open to criticism. He was almost certainly not guiltless of intrigues against Ibn Sa'ūd, in company with his brother, the Amīr 'Abdu'llāh of Transjordan. But his devotion to his adopted country was undoubted ; and, despite occasional lapses, he did 'hitch his wagon to a star'. His personal charm was invaluable, no less with the wild tribesmen than with the highest in the land in England. There can be no doubt that, but for him, 'Irāq would still have been awaiting her independence at the time of writing in 1935.

And yet his end was unhappy. During his state visit to England in the summer of 1933, which in itself was a great success, the Assyrian troubles came to a head ; and here it should be mentioned that during the

foregoing year he had done his utmost to bring about a satisfactory solution. He attempted to intervene from England and only succeeded in irritating his Cabinet in Baghdad. Though a sick man, he broke off his cure in Switzerland and returned to Baghdad at the end of July; but he was too late to influence the situation or to stop the Army, which had by now decided on an Assyrian massacre. He was indeed still suspect to the 'Irāqī Ministers and others on account of his supposed pro-British feelings; and, during the tumultuous reception given to the troops on their return to Mosul and Baghdad after their crushing of the so-called revolt, his name was seldom acclaimed. Indeed it was even hinted that his abdication was forthcoming. He left Baghdad disillusioned and almost unnoticed on the 31st August, 1933, and he died in Geneva eight days later. He was succeeded by his only son Ghāzi, aged 21, who had been educated at Harrow and at the 'Irāqī Military College.

(2) *The Middle Euphrates District of 'Irāq*

The Middle Euphrates area was practically all contained in the Dīwānīyah Liwā, which was the most important and—from the point of view of administration—the most difficult province of 'Irāq. The district began a little way south-east of the Hindīyah barrage and ran to Samāwāh, a distance, as the crow flies, of about sixty miles. In this area the Euphrates poured its waters into a series of marshes and the main stream was lost. The various streams united again a little way above Samāwāh. These marshes were sown with rice as the waters receded after the annual rise of the river (about May). On the edges of the marshes there were many groves of date palms. During the period of the flood the country was impassable except for one or two recently constructed roads, while throughout the year communications were difficult. Apart from the marsh area, which included the qadās (sub-districts) of Shāmīyah and Abu Sak-hayr, there were in the Dīwānīyah Liwā two other important areas (1) the Dagharrah canal in Afaj Qadā (some fifty miles to the east of the marsh area) and (2) Rumaythah, some fifteen miles north-west of Samāwāh, to which qadā it belonged. At the end of the War of 1914–18 these two areas were mainly derelict, as the canals which irrigated them had been neglected. After the building of the Dagharrah barrage in 1926, however, there was an improvement. This barrage controlled the waters of the Hillah canal, which, after taking off from the Euphrates at the Hindīyah barrage, itself divided into the Afaj and Dīwānīyah branches at the Dagharrah barrage. The Dīwānīyah branch watered the Rumaythah area. The key to most of the problems in Dīwānīyah Liwā was water.

The Baghdad-Basrah railway ran from Hillah to Dīwānīyah and thence to Rumaythah, Samāwah, Ur (near Nāsirīyah).

During Turkish times the whole of the liwā, and in particular the marsh area, had been out of control. One of the main reasons was the lack of communications. The tribes, the most important of which were the Fatlah and the Khazayl, apart from their natural independence of spirit, were greatly under the influence of the Holy Cities of Karbalā and Najaf. These places were, of course, Shi'i, whereas the Turks were Sunnis, while the religious leaders (known as *mujtahidīn*) were mainly of Persian origin. During the War almost complete anarchy ruled here. The tribes saw

little or nothing of the War, as no British troops passed this way. Indeed, a Turkish officer actually held out at Hillah until the Armistice. This was of importance, as the Euphrates tribes, unlike those on the Tigris, saw nothing of the strength of British arms.

A start was made with administering the area in 1919, and fair progress was achieved, but in 1920 the Arab Revolt broke out. It actually started at Rumaythah and spread rapidly all over the Middle Euphrates and thence to other places in 'Irāq. The causes of the revolt were (1) the restiveness of the tribes against being brought under control; (2) religious propaganda from the Holy Cities; (3) Faysal's (or his followers') propaganda and money (the latter supplied by the British) from Syria. Nearly all the tribes took part, but the leader was 'Abdu'l-Wahid al-Hajji Šikkār of the Fatlah, while Sayyid Nūr (of religious sanctity) supplied much of the funds. (Sayyid Nūr, who was an uxorious old man with a host of sons, afterwards lost importance owing to quarrels among his sons.)

The revolt was crushed not without difficulty and not without setbacks—notably a reverse sustained by a column operating near Abu Sukhayr in which a large number of men of the Manchester Regiment were killed or taken prisoner. 'Abdu'l-Wahid was condemned to death by court martial but soon received a free pardon.

In 1921 another start was made with the administration of this area, and despite many difficulties much progress was achieved once again. Fortified Government posts were built at several places: e.g. Šāmiyah, Faysaliyah, Ghammās, Rumaythah and Afaj; and a few roads were made. In due course land revenue began to be collected and Dīwāniyah became the richest land revenue producing area in 'Irāq—mainly from the rice crops.

Apart from the water questions, the chief difficulties were the innumerable and intricate land disputes. These disputes were between the tribes and within the tribes—mainly about boundaries. They were extraordinarily difficult to solve, and though two British Administrative Inspectors, G. C. Kitching and A. H. Ditchburn, did excellent work in this connexion, much remained to be settled when the mandate ended in 1932.

Gradually political feeling in this area ceased to be directed against the British and began to be directed instead against the 'Irāqī Government in Baghdad. The main grievances of the tribes were: (1) corruption in the administration (there was one notoriously corrupt Mutasarrif); (2) interference by Baghdādīs in the settlement of land cases for reasons of political or private gain (even when cases were justly settled, one party always felt aggrieved); (3) dislike of the idea of conscription (a conscription law was eventually passed in 1934); (4) a feeling that, though they had borne the brunt of the 1920 rebellion, it was the Baghdādī politicians who were the only gainers; (5) a feeling that the tribes were not adequately represented in parliament.<sup>1</sup>

King Faysal fully realized the danger from the Middle Euphrates and did his best to conciliate tribal opinion. On the whole he was fairly successful. For instance, a tour which he made in the marsh area in the spring of 1933 won them over from a sullen indifference to a genuine

<sup>1</sup> Elections in 'Irāq, though nominally free, were not so in fact. The secondary electors—the elections were in two stages—were simply told by the local government official whom they had to vote for.

enthusiasm. Unfortunately, after his death, there was no one left in Baghdad who would take the trouble to try to understand the tribes. Trouble threatened in the summer of 1933 when Faysal was away in England, and possibly it was only averted by the Assyrian troubles in the north. Thereafter, the discontent went on simmering, and it boiled over in 1935. The Government would have been faced by an impossible situation if only the tribes had been united and had risen simultaneously, but they did not. At the end of March 1935, 'Abdu'l-Wahid of the Fatlah and Sha'lan al-'Atiyah on the Dagharrah Canal gave trouble. 'Abdu'l-Wahid was by far the cleverest tribal politician in 'Irāq, but he was distrusted by the majority of the tribes. He was extremely ambitious, and was definitely aiming at the establishment of tribal supremacy in 'Irāq. He cut the roads in the marsh area, besieged (though he did not actually attack) the police in several places, and generally defied the Government. Incidentally, no land revenue was paid in this area for months. Sha'lan al-'Atiyah was a different character—honest and religious—and for many years he had had little to do with Baghdad. Faysal, who knew of his influence, induced him to become a member of parliament in Baghdad; but before he consented he consulted the *mujtahidīn* in Karbalā to ascertain whether it was or was not *haram* (forbidden) to serve a Sunnī Government. His main grievances were water and land disputes. A notoriously unjust decision in an important land case in 1933 had effectively destroyed the trust of the tribes in the justice of the Government. He seized the Dagharrah barrage which controlled the waters of the Afaj and Diwāniyah canals. At first it was intended to crush the rising by force; but, perhaps fortunately, it was suspected that the Army was unreliable and, as a result, a compromise was patched up. 'Abdu'l-Wahid and Sha'lan came up to Baghdad to pay their respects to the King; but they came with 180 cars full of armed tribesmen, which hardly suggested that they were either unsuspicious or entirely submissive.

The next trouble occurred in the Rumaythah area. Here the tribes, notably the turbulent Dhawahīn, having seen the partial success of 'Abdu'l-Wahid and Sha'lan, thought that they might be able to obtain something for themselves. They cut the railway and the telegraph. Unfortunately for themselves their revolt was unconsolidated and isolated, and the Government were able to deal with it fairly easily, by the use of aeroplanes which dropped bombs somewhat indiscriminately. Incidentally a British R.A.F. aeroplane was shot down by mistake. The tribesmen apologized and declared that they had no quarrel with the British. (It was a very serious mistake to allow a British aeroplane to fly over a disturbed area.)

The revolt appears to have spread to the Muntafīq further down the Euphrates. This liwā, too, had given much trouble to the Turks, but had been fairly peaceful since. Here the trouble was purely agrarian—disputes between absentee landlords (the Sa'dūn family) and the Shaykhs, and between the Shaykhs themselves and the cultivators. This trouble started as a result of the Turks' policy of *divide et impera* when they gave all the tribal lands to an alien though powerful family. Little progress was made in the solution of this big question, and a land settlement commission, consisting entirely of 'Irāqīs, failed badly in 1931-2.

The situation in this Middle Euphrates area, as it was developing in 1935, threatened to become of international importance in as much as this area was traversed not only by the railway between Baghdad and Basrah but also by the air route between England and India.

**(iii) The Admission of Turkey and Afghanistan to Membership of the League of Nations, and the Election of Turkey to a Seat on the Council (1932-4)**

In the original membership of the League, in which the states of Europe, Latin America and the Far East were already represented in force, the sole representative of the Islamic World was Persia. At the moment when the League officially came into existence with the coming into force of the Peace Treaty of Versailles on the 10th January, 1920, the Hijāz, which had ranked during the War of 1914-18 and at the Peace Conference of Paris as one of the Allied Powers, failed to qualify for membership of the League owing to King Husayn's refusal to ratify the Treaty, in which the Covenant was included;<sup>1</sup> Turkey—or at any rate the Turkish Nationalists under the leadership of Mustafā Kemāl Pasha—had taken up arms again against the Allies;<sup>2</sup> Syria, under the leadership of the Amīr Faysal b. Husayn, was preparing to resist a French attack;<sup>3</sup> Afghanistan was still smarting under the failure of her recent attack upon the British Indian Empire,<sup>4</sup> and Egypt under the failure of her recent insurrection against a British domination;<sup>5</sup> the Imām Yahyā of San'ā had never accepted the armistice with Great Britain to which his Turkish suzerains and comrades-in-arms had momentarily been compelled to subscribe;<sup>6</sup> the Imām 'Abdu'l-'Azīz b. Sa'ūd of the Najd was bound by a treaty which placed the control of his foreign policy in the British Government's hands,<sup>7</sup> and his political horizon did not yet extend beyond the interior of the Arabian Peninsula. This was the situation at the opening of the year 1920; but fifteen years later, at the opening of the year 1935, the political landscape in the Middle East wore an extraordinarily different appearance. By that date, Turkey, 'Irāq and Afghanistan were members of the League; and it was now manifestly only a question of time for the accomplished fact of the emancipation of 'Irāq from the British mandatory régime to be

<sup>1</sup> See the *Survey for 1925*, vol. i, pp. 293-6.

<sup>2</sup> See the *History of the Peace Conference of Paris*, vol. vi, Chapter I, Parts I B and II.

<sup>3</sup> *Op. cit.*, vol. vi, Part III B.

<sup>4</sup> See the *Survey for 1920-3*, pp. 376-85.

<sup>5</sup> See the *History of the Peace Conference of Paris*, vol. vi, Part IV.

<sup>6</sup> See the *Survey for 1925*, vol. i, pp. 320-1.

<sup>7</sup> *Op. cit.*, pp. 282-3.

followed by the emancipation of Syria from the French mandate<sup>1</sup> and the emancipation of Egypt from the remaining British liens upon her sovereign independence.<sup>2</sup> Meanwhile, the Sa'ūdī Dual Monarchy of Najd-Hijāz and the Zaydī Power in the Yaman had divided the greater part of Arabia between them and had settled their relations with one another.<sup>3</sup> The time could now be foreseen when at least eight Islamic countries of the Middle East would be playing an active part, as fully qualified members, in the international comity of states.

A long step in this direction was taken during the period under review, when Turkey, 'Irāq and Afghanistan were successively admitted to membership of the League. The admission of 'Irāq is recorded in another chapter in the present part of this volume.<sup>4</sup> The admission of Turkey and Afghanistan remains to be recorded in this place.

The entry of these two last-mentioned countries into the League was of special significance because of its bearing on the foreign policy of Russia. Feelings of hostility and suspicion towards the Western Powers continued to animate Turkey and Afghanistan—and likewise Persia—even after they had each emerged from the mêlée of the War of 1914–18 and the early post-war years; and this more or less uniform state of mind had the identical effect, which has been described in an earlier volume,<sup>5</sup> of driving all three countries into the arms of the Soviet Union. Thereafter, their association with their gigantic northern neighbour gradually became less close, or at any rate less exclusive, as their passions cooled and their relations with other neighbours improved; yet they all remained chary of taking any step which would have involved a serious divergence of their foreign policy from that of Moscow. Accordingly, their foreign policy continued to be strongly influenced by that attitude of aloofness from the League of Nations which was one of the leading features in the policy of the Soviet Government from the time of the inauguration of the League until the Japanese outbreak in the Far East in the autumn of 1931. This consideration did not so much affect Persia, who had already joined the League before entering into her *entente* with the Soviet Union in 1921; but it did, no doubt, considerably affect Turkey and Afghanistan; and, in this light, the respective

<sup>1</sup> See the *Survey for 1925*, vol. i, Part III, section (vii); the *Survey for 1928*, Part III B, section (vii); the *Survey for 1930*, Part III, section (iv); the present volume, section (vii) of this part.

<sup>2</sup> See the *Survey for 1925*, vol. i, Part III, section (i); the *Survey for 1928*, Part III B, section (i); and the *Survey for 1930*, Part III, section (ii).

<sup>3</sup> See section (xii) of this part of the present volume.

<sup>4</sup> See section (ii) (d) of this part above.

<sup>5</sup> The *Survey for 1928*, Part III B, section (xiii), pp. 358–74.

dates of their entry into the League assume a certain significance. Turkey's admission to membership of the League, on the 18th July, 1932, took place less than a year after the introduction of the militant Japanese policy in the Far East; and this Japanese policy was one of the main factors<sup>1</sup> in bringing about that change in Russian policy which culminated in the Soviet Union's own entry into the League on the 18th September, 1934.<sup>2</sup> This latter event, in its turn, was immediately followed by Afghanistan's entry into the League on the 27th September, 1934. Thus Turkey's entry may be regarded as a prelude, and Afghanistan's as a sequel, to that of Russia.

Apart from their response to Russian influence, the Turks had their own ideas about the League, and their conversion to a belief in the value of the League was a slow process. To begin with, the Middle Eastern peoples were inclined to fight shy of the League on the ground that it was a hypocritically camouflaged instrument of Western Imperialism; and it was not unnatural that the League should appear in this unfavourable light from a Middle Eastern angle of vision, in which the League looked like a device of the victorious Allied and Associated Powers for cloaking their imperialistic designs upon the conquered Arabic provinces of the Ottoman Empire under the specious guise of mandates.

The original policy of Mustafā Kemāl and his companions in Turkey was to adopt the social and mental apparatus of the Western World wholesale in order the better to hold their own against Western Imperialism. And this policy did not change at once after the conclusion of peace, on the Turks' own terms, between Turkey and the Allied Powers in 1923-4. It was only gradually that the soreness in Turkish minds was assuaged by the settlement in 1926 of the Turco-British controversy over the Turco-'Irāqī frontier<sup>3</sup> and the settlement in 1929 of the Turco-French controversy over the Turco-Syrian frontier<sup>4</sup> and the settlement in 1930 of all the out-

<sup>1</sup> There were, of course, also other powerful factors at work. The ground had been prepared for this change in Russian foreign policy by the victory of Stalin, in 1927, over Trotsky, Zinoviev and Kamenev in the internal struggle between these latter advocates of a policy of world-revolution and their opponents who advocated a policy of good-neighbourliness with the Capitalist Powers for the purpose of consolidating the gains of the Communist Revolution within the Union's own borders (see the *Survey for 1927*, Part II E, section (i), pp. 248-56). Again, the effect of the Japanese outbreak in the Far East upon Russian foreign policy was subsequently reinforced by the effect of the National-Socialist Revolution in Germany.

<sup>2</sup> See the present volume, Part III B, section (i).

<sup>3</sup> See the *Survey for 1925*, vol. i, Part III, section (xi).

<sup>4</sup> See the *Survey for 1928*, Part III B, section (viii); and the *Survey for 1930*, Part III, section (v).

standing controversies between Turkey and Greece;<sup>1</sup> and even then, when the general improvement in Turkey's relations with her neighbours began to have its effect upon the Turkish attitude towards the League, this attitude remained, at first, rather high and mighty.

The Turkish Government appear to have intimated at one stage that Turkey would be willing to join the League on condition of being assured of a permanent seat on the Council; later, Turkey seems to have reduced her claim to a demand for a 'semi-permanent' seat;<sup>2</sup> but her entry into the League did not become practical politics till she waived all special stipulations except a request that, on the precedent already set in the admission of Mexico,<sup>3</sup> the initiative should take the form of an invitation from Geneva and not of an application from Angora. On this basis, on the 1st July, 1932, when the Assembly of the League was sitting in extraordinary session on account of the Sino-Japanese dispute,<sup>4</sup> a resolution, declaring that Turkey fulfilled the general conditions laid down in Article 1 of the Covenant for a state to become a member of the League, and proposing to the Assembly that Turkey should be invited to enter the League, was moved by Señor de Madariaga (Spain) and seconded by Monsieur Mikhalakópoulos (Greece), with the support of the representatives of twenty-seven other countries. On the 6th July, the Assembly itself adopted a resolution in this sense; this resolution was immediately communicated to the Turkish Government; and on the 9th July the Turkish Government addressed a note<sup>5</sup> to the Secretary-General, informing him that Turkey was prepared to become a member of the League 'and that obligations assumed by' her 'under the treaties concluded hitherto, including those concluded with states non-members of the League,' were 'in no way incompatible with the duties of a member of the League'. In the same note the Turkish Government referred to Turkey's special position resulting from 'military obligations ensuing from the conventions signed at Lausanne on the 24th July, 1923',<sup>6</sup> and to the correspondence on the interpretation of Article 16 of the Covenant<sup>7</sup> which had

<sup>1</sup> See the *Survey for 1930*, Part II B, section (iii).

<sup>2</sup> For the nature of the 'semi-permanent' seats on the League Council, and the circumstances of their invention, see the *Survey for 1926*, Part I A, section (i). <sup>3</sup> See the *Survey for 1933*, p. 330.

<sup>4</sup> See the *Survey for 1932*, Part V, section (iv) (c) (2).

<sup>5</sup> Text in *League of Nations Official Journal*, Special Supplement No. 102, pp. 21-2.

<sup>6</sup> See the *History of the Peace Conference of Paris*, vol. vi, Chapter I, Part II. The subsequent Turkish demand for the abrogation of the Straits Convention will be dealt with in a later volume.

<sup>7</sup> Text in the *Survey for 1925*, vol. ii, p. 451; see also the *Survey for 1926*, p. 8.



passed, on the 1st December, 1925, and the 8th February, 1926, between the German Government and the other parties to the negotiations that eventually resulted in the Locarno Pact. On the 18th July, when this Turkish note was communicated to the Assembly, Turkey was admitted forthwith to membership of the League by a unanimous vote of the forty-three states that were represented on this occasion.

In September 1934, at the fifteenth ordinary meeting of the League Assembly, the 'semi-permanent' seat on the Council which had been reserved for an Asiatic country fell to be re-allotted by a new election. The first candidate to challenge the re-election of China, who was then in occupation of the seat, was Persia; but Persia withdrew her candidature upon the announcement that Turkey was standing. When the votes were taken on the 17th September, China failed to secure the two-thirds majority which was required to render her re-eligible, and Turkey was elected to fill the vacant Asiatic seat. Her candidature had been actively supported by her close friend Greece, and her success was hailed in the Greek press with warm expressions of satisfaction.

As for Afghanistan, her entry into the League was perhaps retarded by the rather erratic course of her post-war history, in which King Amānu'llāh's furore of 'Westernization' had evoked a correspondingly violent reaction.<sup>1</sup> In the same precipitate manner, Afghanistan eventually applied for admission to the League, in September 1934, by telegram. The Assembly good-humouredly responded in the same vein; and the receipt of the Afghan telegram on the 25th September was followed by the admission of Afghanistan to membership on the 27th, on the unanimous vote of the forty-seven countries which were represented at the sitting.

The entry of Turkey and Afghanistan into a wider circle of international relations was not offset by any weakening of their existing ties with their neighbours. On the 28th July, 1930, ratifications were exchanged of a protocol which had been signed on the 17th December, 1929, for the prolongation of the Turco-Russian treaty of friendship of the 17th December, 1925;<sup>2</sup> and a pair of Turco-Persian treaties, to replace the treaty of the 22nd April, 1926,<sup>3</sup> were signed at Angora on the 5th November, 1932.<sup>4</sup>

These new treaties set the seal upon a recent substantial improvement in Turco-Persian relations, which had hitherto been troubled

<sup>1</sup> See the *Survey for 1930*, pp. 182-8.

<sup>2</sup> See the *Survey for 1925*, vol. i, p. 525.

<sup>3</sup> *Op. cit.*, pp. 545-6.

<sup>4</sup> Texts in *Oriente Moderno*, January 1933, pp. 22-4.

by the unsettled state of the Turco-Persian frontier.<sup>1</sup> On the ethnographical map, this frontier was merely one of several arbitrary political lines of division partitioning Kurdistan;<sup>2</sup> and the long-sustained resistance of the Kurds on the Turkish side of the line to the new Turkish Republic's policy of 'Turcification', in the intolerant manner of Western Nationalism, had exacerbated certain long-standing boundary-disputes between the Turkish and the Persian Governments.<sup>3</sup> A Turco-Persian agreement, definitively settling the boundary, was signed at Tihirān on the 23rd January, 1932, simultaneously with an arbitration and conciliation treaty. And it was the ratification of these instruments by the Great National Assembly at Angora on the 18th June, 1932, that opened the way for the conclusion of the new Turco-Persian treaty of friendship on the following 5th November. This improvement in Turco-Persian relations was symbolized in a visit which was paid to Turkey by Rizā Shāh Pahlawī in June 1934—an historic occasion, since this was the first time in his life that Rizā Shāh had ever gone abroad. On another frontier, Turkey's relations with a neighbour were improved by the signature, on the 27th October, 1932, of a Turco-French agreement<sup>4</sup> for the working of the Baghdad Railway, whose track was so awkwardly interlaced with the line of the Turco-Syrian frontier.<sup>5</sup> Similarly, as between Afghanistan and her neighbours, the Afghan-British treaty of the 22nd November, 1921,<sup>6</sup> was confirmed in 1930<sup>7</sup> on behalf of King Muhammad Nādir Shāh (*regnabat* 1929-33),<sup>8</sup> while the Afghan-Russian treaties of the 28th February, 1921,<sup>9</sup> and the 31st August, 1926,<sup>10</sup> were reinforced by the signature of a new Afghan-Russian treaty<sup>11</sup> of neutrality and reciprocal non-aggression on the 24th June, 1931.

#### (iv) The Dispute between Persia and Great Britain over Bahrayn (1927-34)

The Bahrayn group of islands—situated in the Persian Gulf off the coast of continental Arabia, in the bay between the province of

<sup>1</sup> See the *Survey for 1928*, pp. 373-4.

<sup>2</sup> For the 'Irāqī aspect of the Kurdish problem see section (ii) (b) above.

<sup>3</sup> See the *Survey for 1928*, pp. 372-3; the *Survey for 1930*, p. 171.

<sup>4</sup> Text in *Oriente Moderno*, January 1933, pp. 20-2.

<sup>5</sup> See the *Survey for 1925*, vol. i, p. 457; and the *Survey for 1928*, pp. 332-3.

<sup>6</sup> See the *Survey for 1920-3*, pp. 383-4.

<sup>7</sup> *The Times*, 7th May, 1930.

<sup>8</sup> King Nādir was assassinated on the 8th November, 1933, and was succeeded by his son Muhammad Zāhir Shāh.

<sup>9</sup> See the *Survey for 1920-3*, pp. 385-6.

<sup>10</sup> See the *Survey for 1926*, p. 362.

<sup>11</sup> Text in *Oriente Moderno*, September 1931, pp. 430-1.

Hasā and the peninsula of Qatar—had long been celebrated for their pearl-fisheries and were found, during the period under review, to possess a second and hitherto unsuspected source of wealth in the shape of oil-deposits. The inhabitants were Arabs, and so were the reigning family—the Āl Khalifah of the 'Utūbī tribe; for the 'Utūbīs had come over in or about A.D. 1783 from the Arabian mainland and had conquered Bahrayn from the Persian Government, which had held the islands intermittently during the seventeenth and eighteenth centuries (between 1622 and 1783) by right of conquest from the Portuguese, who had held them in the sixteenth century (1507–1622). Between 1783 and 1816, the possession of Bahrayn was disputed between the 'Utūbīs, the Sultans of Maskat, and the Wahhābīs; but in 1816 the 'Utūbīs finally asserted a dominion which they never ceased to retain thereafter down to the time of writing. It was in 1820, four years after their definitive acquisition of the islands, that the Āl Khalifah dynasty first entered into treaty relations with the British (i.e., at that date, with the British East India Company). This treaty of 1820 was followed by others concluded in 1847, 1856, 1861, 1880 and 1892 with the East India Company and its successor Her Majesty's Government in India; and the effect of these successive arrangements was to give the British Government an exclusive and far-reaching control over the foreign relations of the Shaykh of Bahrayn, while leaving him nominally independent and actually autonomous.<sup>1</sup>

On several occasions between 1820 and 1927, and in particular in 1869, the Persian Government had demurred to the British Government's treaty relations with the Shaykh of Bahrayn, on the ground that the Shah was the lawful sovereign of the islands; and this Persian claim and protest was renewed in 1927—this time on account of a reference to Bahrayn in a treaty which the British Government had just concluded with Ibn Sa'ūd.

The Anglo-Sa'ūdī treaties of the 26th December, 1915, and the 20th May, 1927, have been noticed in earlier volumes of this series.<sup>2</sup>

<sup>1</sup> For the modern history of Bahrayn down to A.D. 1927, see the British Admiralty: *A Handbook of Arabia*, vol. i (London, no date, H.M. Stationery Office); Sir A. T. Wilson: *The Persian Gulf* (Oxford, 1928, Clarendon Press); the Persian Government's note of the 22nd November, 1927, and the British Government's note of the 18th January, 1928, in *League of Nations Official Journal*, May 1928, pp. 605–7; the Persian Government's note of the 2nd August, 1928, in *League of Nations Official Journal*, September 1928, pp. 1360–3; the British Government's note of the 18th February, 1929, in *League of Nations Official Journal*, May 1929, pp. 790–3.

<sup>2</sup> In the *Survey for 1925*, vol. i, pp. 282–3; and the *Survey for 1928*, pp. 285–8.

In the sixth article of each of these treaties, Ibn Sa'ūd undertook to refrain from interfering with a number of 'Gulf Chiefs' in treaty relations with the British Government, whose territories were mentioned by name; and one of the names on both lists was Bahrayn.

Accordingly, on the 22nd November, 1927, the Acting Minister for Foreign Affairs at Tih-rān addressed to the British Government a protest against the Anglo-Sa'ūdī treaty of the 20th May, 1927, Article 6, in which he declared that the Persian claim to the sovereignty over Bahrayn had been recognized by Lord Clarendon in a communication which had been addressed to the Persian Government on the 29th April, 1869. This Persian note of the 22nd November, 1927, was circulated to all states members of the League of Nations, at the Persian Government's request, *à propos* of Article 10 of the Covenant. The British Government replied in a note of the 18th January, 1928 (which was likewise circulated), by refusing to accept either the Persian claim in itself or the Persian contention that this claim had ever been admitted by the British Government—either in the communication referred to or on any other occasion.<sup>1</sup>

This incident occurred at a time when the British and Persian Governments were already in controversy over a number of other questions—the Persian Government's attitude toward the Kingdom of 'Irāq<sup>2</sup> and treatment of the *ci-devant* Shaykh of Muḥammarah;<sup>3</sup> the Persian Government's desire to secure the abrogation of the Capitulations; and the British Government's desire to obtain a settlement of debt-claims and a right of way across Persia for an air-route which the British Imperial Airways Company was seeking to open from England to India. A number of the outstanding Anglo-Persian controversies were settled by negotiation in the course of the year 1928;<sup>4</sup> but the Bahrayn controversy was not among them; and on the 28th August, 1928, the Persian Government addressed a fresh protest<sup>5</sup> to the British Government on the question of sovereignty, and another<sup>6</sup> on the 5th January, 1929, against a newly introduced regulation by which any Persian subjects visiting the islands were now required, by the Shaykh's Government, to produce passports, such as they would have to produce in order to visit any foreign country, instead of being allowed to visit Bahrayn on the strength of permits, entitling them to travel from one Persian port to another,

<sup>1</sup> Text of correspondence in *League of Nations Official Journal*, May 1928, pp. 605-7.

<sup>2</sup> See the *Survey for 1928*, pp. 342-6.

<sup>3</sup> See the *Survey for 1925*, vol. i, pp. 539-43; and the *Survey for 1928*, p. 353.

<sup>4</sup> See the *Survey for 1928*, pp. 351-5.

<sup>5</sup> Text in *League of Nations Official Journal*, September 1928, pp. 1360-3.

<sup>6</sup> Text in *League of Nations Official Journal*, March 1929, p. 351.

which had been customarily issued by the Persian authorities, and accepted by the Bahraynī authorities, in the case of Persian visitors to Bahrayn. The Persian note of the 2nd August, 1928, was replied to in a long British note of the 18th February, 1929,<sup>1</sup> in which the juridical, as well as the historical, arguments in the Persian note were combated in detail.

Yet another protest from the Persian Government to the British Government was elicited, on the 23rd July, 1930,<sup>2</sup> by a statement, which had appeared in the Press in the June of that year, that the Shaykh of Bahrayn had granted to a British syndicate a concession for exploiting the possible oil-resources of the islands; and this was followed up, on the 22nd May, 1934, by a similar protest<sup>3</sup>—addressed in this case to the United States Government—against a new report that the Shaykh of Bahrayn had granted a concession to the Standard Oil Company of California. This latter report proved to be correct. Not only had the concession to the Standard Oil Company of California already been granted, but oil had already been struck<sup>4</sup> by the subsidiary Bahrein Petroleum Company which had been formed, for exploiting the concession, by the concessionaires; and a first shipment of Bahrayn oil to Japan arrived at Yokohama in July 1934.<sup>5</sup>

This discovery of a new source of wealth in Bahrayn was, no doubt, tantalizing for the Persian Government, yet a Persian claim to sovereignty over an Arab island could not be defended on the principle of nationality; and the historical and juridical arguments on the Persian side would perhaps hardly convince a neutral observer, any more than they convinced either the Shaykh of Bahrayn or his British allies.

#### (v) The Dispute between Persia and Great Britain over the Anglo-Persian Oil Company's Concession in Persia (1932-3)

The dispute over the Anglo-Persian Oil Company's concession in Persia, which came to a head in 1932 and was settled in 1933, was not surprising in itself, considering the vast difference in accomplishments, aims and outlook that divided the parties.

The notable features of the affair—by contrast with the usual history of similar disputes between Westerners and Orientals over

<sup>1</sup> Text in *League of Nations Official Journal*, May 1929, pp. 790-3.

<sup>2</sup> Text of the Persian Government's note in *League of Nations Official Journal*, September 1930, p. 1083.

<sup>3</sup> Text in *League of Nations Official Journal*, August 1934, p. 968.

<sup>4</sup> *The Observer*, 15th April, 1934.

<sup>5</sup> *The Japan Chronicle*, 19th July, 1934.

similar matters in the recent past—were the eventual settlement of this dispute by agreement, and the fact that, in so far as the outcome was influenced by high-handed action, the high-handedness was displayed by the Oriental party. This was particularly remarkable in the case of Persia, considering the extremeness of the degree to which the Persians had been intimidated by Russian and British imperialism during the fifteen years ending in 1921;<sup>1</sup> for, in 1932–3, the disparity of physical strength between Great Britain and Persia, in Great Britain's favour, was not appreciably smaller than it had been in the first and second decades of the twentieth century; and, in that recent past, Great Britain—like any other Western Great Power of the day—would almost certainly have taken advantage of her overwhelming superiority in physical force in order to dictate the terms of settlement in a dispute of this kind, in which a valuable British commercial interest was at stake. If the Anglo-Persian dispute of 1932–3 was settled, as it was, in the forum of the League of Nations and not in the traditional manner, this striking change of method was mainly due to a profound change of outlook which had transformed British public opinion and public policy since the General War of 1914–18. On this occasion a Western Great Power did forgo the employment of a traditional means of asserting its will by force—when this force was still at its command—in order to submit its case, and subordinate its nationals' immediate material interests, to the post-war collective system of international law and order.

The difference in accomplishments between the two parties in this case might be apprehended at a glance by any one whose eye happened to fall upon a Persian-made carpet displayed side by side with an English-made carpet in an English shop-window, or again by any passenger on board a ship in the Shattu'l-'Arab who beheld the forest of palm trees, at which he had been gazing all day, give way, for an instant, as his steamer glided along, to the Anglo-Persian Oil Company's wharves and refineries at Abādān.<sup>2</sup> The difference in aim and outlook is exemplified in the difference of the use that was made of the mineral-oil deposits in Persia by Persian and by British enterprise. For more than two thousand years before Mr. D'Arcy obtained his concession, from the Persian Government of the day, in A.D. 1901, it had been known to the native inhabitants of certain parts of the

<sup>1</sup> See the *Survey for 1925*, vol. i, pp. 534–5.

<sup>2</sup> For the impression made upon a traveller by this astonishing spectacle, see, for example, A. J. Toynbee: *A Journey to Ohina* (London, 1931, Constable), pp. 107–8.

Iranian World<sup>1</sup> that there were reservoirs of natural gas and mineral oil below the surface, and that this gaseous and liquid treasure of the sub-soil was an admirable fuel and medicament. The phenomenon had intrigued the ancient Iranians and had stimulated them to action, as it intrigued and stimulated the millionaire from Queensland many centuries later; but the Iranians had applied their ingenuity to their discovery of this natural resource in a manner which many Westerners of Mr. D'Arcy's generation would have regarded as fantastic. The ancient Iranians imprisoned the escaping gas-fumes of the Apsheron Peninsula in towers, in order that the jet might feed a perpetual flame at the summit and thereby minister to the glory of God, whose nature was symbolized by fire in the imagery of the Zoroastrian religion.<sup>2</sup> The Anglo-Persian Oil Company, which was a later arrival on the scene, was as impressive an organization in its own way as the Zoroastrian Church; but its application of ingenuity to oil was directed to the quite different purpose of turning Nature to economic account.

Such differences in outlook and aim and accomplishment would have been sufficient in themselves to produce misunderstandings between people of these diverse social heritages when they were brought into relations with one another by the world-wide material expansion of the Western Civilization. But the opportunity for misunderstandings is only half explained when the differences are thus crudely formulated. The observer who seeks to probe deeper must bear it in mind that a Persian official or minister of state who had been sheltered by his native cultural tradition from the danger of acquiring a predominantly economic outlook on the World might yet not be proof against succumbing, when temptation came his way, to a greed and a dishonesty—on his country's account, if not on his own—which would shock and disgust an upright English business man. Conversely, an English *homo economicus*, whose life was officially dedicated to a law-abiding but absorbing service of Mam-

<sup>1</sup> Using the term to cover a rather larger area than the territory of Persia within the frontiers of 1934, and to include, in particular, the former Khanate of Baku, a dependency of the Persian Crown which had been annexed to the Russian Empire in A.D. 1813 and which constituted, in 1934, the Azerbaijan Republic within the Transcaucasian Federal Republic within the U.S.S.R.

<sup>2</sup> See A. J. Toynbee: *A Study of History*, vol. ii (London, 1934, Milford), pp. 278-9. For an account of the Zoroastrian temples on the Apsheron Peninsula with their perpetually burning jets of natural gas, see Ch. Marvin: *The Region of the Eternal Fire* (London, 1884, Allen), chap. xi; and J. D. Henry: *Baku, an Eventful History* (London, 1906, Constable), chap. ii. The earliest certain notice of the commercial export of petroleum from Baku seems to be Marco Polo's (Marvin, *op. cit.*, p. 168).

mon, might in practice be inspired not only by a dutiful concern for the legitimate interests of shareholders and employees, but also by ideals which were not at first sight obvious in a balance sheet: for example, a disinterested delight in the adventurous and skilful assertion of Man's mastery over an untamed natural force.

It will be seen that there were plentiful occasions for mutual misunderstanding between those Persians and Englishmen who were brought into contact by Persian oil deposits during the thirty-one years that elapsed between the granting of the D'Arcy Concession in 1901 and the revocation of the Anglo-Persian Oil Company's Concession in 1932.<sup>1</sup>

Mr. W. K. D'Arcy was a Queenslander, born in Devonshire, who had already made a fortune—not out of his practice as a solicitor in Rockhampton, but out of the Mount Morgan gold mine—before he turned his attention to the possibilities of mineral oil development in the Middle East.<sup>2</sup> By an agreement<sup>3</sup> between Mr. D'Arcy and the Persian Government which was signed at Tih-rān on the 28th May, 1901, the Shah granted to the concessionaire 'a special and exclusive privilege to search for, obtain, exploit, develop, render suitable for trade, carry away and sell natural gas, petroleum, asphalt and ozokerite for a term of sixty years throughout the Persian Empire' (Art. 1), with the exception of the five northern provinces of Azerbaijan, Gilān, Māzandarān, Astarābād and Khurāsān (Art. 6), but with an exclusive right of constructing pipe-lines from any part of Persia—not excluding these five provinces—to the southern rivers or to the south coast (Art. 6). The Persian Government bound themselves 'to take all and any necessary measures to secure the safety and the carrying out of the object of this concession, of the plant and the apparatuses, . . . and to protect the representatives, agents and servants of the company' that was to be formed (Art. 14). In return, the Persian Government were to receive 'annually a sum equal to 16 per cent. of the annual net profits of any company or

<sup>1</sup> For the history of the relations between the parties during these thirty-one years, see the *communiqué* from the Board of Directors of the Anglo-Persian Oil Company to the stockholders, which was published in the English Press on the 7th December, 1932; the British Government's memorandum of the 19th December, 1932, in *League of Nations Official Journal*, December 1932, pp. 2298-305; and the Persian Government's memorandum of the 18th January, 1933, in *League of Nations Official Journal*, February 1933, pp. 289-95.

<sup>2</sup> See the picturesque account of Mr. D'Arcy's career in *The Evening Standard*, 11th December, 1932.

<sup>3</sup> English translation of original French text in *League of Nations Official Journal*, December 1932, pp. 2305-7.



companies that' might be formed 'for the working of the concession' (Arts. 9 and 10); and the workmen employed, except the technical staff, were to be Persian subjects (Art. 12). The seventeenth article of the agreement was an arbitration clause in the following terms:

In the event of there arising between the parties to the present concession any dispute or difference in respect of its interpretation or the rights or responsibilities of one or the other of the parties therefrom resulting, such dispute or difference shall be submitted to two arbitrators at Tihirān, one of whom shall be named by each of the parties, and to an umpire who shall be appointed by the arbitrators before they proceed to arbitrate. The decision of the arbitrators or, in the event of the latter disagreeing, that of the umpire shall be final.

Under this agreement, 'Mr. D'Arcy and his associates spent some seven years prospecting the territory covered by the concession, and expended thereon some hundreds of thousands of pounds before the existence of oil in commercial quantities was proved. The Persian Government were not asked to take, and, in fact, did not take, any part of the risk involved in thus proving and developing the oil resources of Persia, and . . . at no time furnished any part of the capital required.'<sup>1</sup> When oil in commercial quantities was eventually discovered in the concession area in 1908, and the Anglo-Persian Oil Company was registered, on the 14th April, 1909, for the purpose of taking the D'Arcy Concession over, it might have appeared as though the Persian Government, with their assured percentage of net profits, were receiving substantial consideration for the geographical accident that the oil-deposits which British enterprise had discovered and British skill had tapped happened to lie beneath the soil of the Persian Empire. There were, however, certain latent obstacles to the operation of the beneficial provisions of the agreement, and certain latent dangers in the corresponding obligations which Persia had assumed; and these flies in the ointment came to the surface with the precious fluid in which they were embalmed.

For example, on the 20th May, 1914, within about two years of the date which had seen the beginning of the production of Persian oil on a commercial scale from the Anglo-Persian Oil Company's concession, the Government of the United Kingdom acquired,<sup>2</sup>

<sup>1</sup> *British Memorandum*, following *Company's Communiqué*.

<sup>2</sup> This investment was made on the initiative, not of the Government, but of the Company. The Company's purpose was to ensure that fresh subscriptions of capital in the open market should not result in the Company's coming under non-British control. The British Government's purpose in acquiring a controlling interest in the Company was not to intervene in the commercial management but to place themselves in a position to ensure that the Company's contract with the British Admiralty should be duly carried out.

and thereafter retained, an interest amounting to approximately £2,000,000 in the Company's stock<sup>1</sup> for the express purpose of ensuring a Persian supply of oil-fuel for the British Navy under a contract which was made between the Company and the British Admiralty. The Persian Government had no legal *locus standi*, and no actual voice, in these transactions between the British Government and the Company.<sup>2</sup> Legally, they were simply business transactions which fell exclusively within the Company's competence and from which the Persian Government incidentally stood to gain commercially in virtue of their 16 per cent. share in the Company's net profits from the working of the D'Arcy Concession; yet the British Government's contract with the Company for supplying oil fuel to the British Navy had an important effect upon Persia's political life and fortunes; for the pipe-lines which the Company had by then constructed from the oil-fields which they had opened up in the Persian province of Khūzistān to their oil-port at Ābādān, on the Persian shore of the Shattu'l-'Arab, were in close proximity to the Perso-Turkish frontier; and, when, on the 29th October, 1914, Turkey intervened in the General War of 1914-18 on the opposite side to Great Britain, and the latter Power thereupon declared war upon Turkey on the 5th November, 1914, it became one of the important military objectives of Turkey to attack, and of Great Britain to defend, this Persian source of the British Navy's oil fuel supplies. In February 1915, the pipe-lines were successfully cut by Persian tribesmen who had been instigated by Turkish propaganda; and, from the Persian standpoint, it was an aggravation of an unforeseen and most unwelcome anxiety when the Company proceeded to claim damages from the Persian Government under Article 14 of the D'Arcy Concession and temporarily withheld the payment of its dues<sup>3</sup> to the Persian Government, pending a settlement of the Company's claim.<sup>4</sup>

<sup>1</sup> The nature and extent of this interest at the time of writing may be seen from the following table of the Company's capital in 1935, and the British Government's holdings of it:

<i>Category</i>	<i>Amount held by British Government</i>	<i>Amount held by others</i>	<i>Total</i>
First Preference Stock .	£1,000	£7,231,838	£7,232,838
Second Preference Stock .	—	£5,743,414	£5,743,414
Ordinary Stock .	£7,500,000	£5,925,000	£13,425,000

<sup>2</sup> The Persian Government were, however, informed of the transaction; and there does not appear to be any record of their having lodged an objection.

<sup>3</sup> In the course of the years 1914-19, payments amounting in all to £325,000 were made by the Company to the Government, on account of royalty, from first to last.

See *Persian Memorandum*, with Appendices I and II.

To Persian eyes, these transactions appeared, in retrospect, in the following light:

The Company claimed from us the losses due to the fact that, during the War, the pipe-lines were cut in certain places by armed bands,<sup>1</sup> acting on the instigation of the belligerent Powers, who had violated our neutrality. I will mention no names, but almost all our neighbours fought on our territory. Our neutrality was violated by the Company, and perhaps by the Government of the United Kingdom;<sup>2</sup> whereupon other belligerents came and organized armed bands, and it was these which cut the pipe-lines. And we were expected to pay for it! We could not do so, since the losses sustained were due to the War and to acts at variance with Persian neutrality. According to one expert—and I am happy to have heard the United Kingdom representative say that he is above suspicion—the losses caused amounted to £20,000.<sup>3</sup> The Company claimed for £600,000. What did the Persian Government do? It asked the Company to submit the question to arbitration; but the Company replied, 'No. We will not allow the principle of your liability to be submitted to arbitration,<sup>4</sup> but, if you are willing to discuss the

<sup>1</sup> Of Persian tribesmen acting under Turkish instigation (see p. 229, above)—A. J. T.

<sup>2</sup> The fact seems to be that, *after* the cutting of the pipe-lines by Persian tribesmen acting under Turkish instigation, the British Government stationed British troops on Persian soil for the protection of the Company's installations. In taking this action the British Government claimed to be justified by the Persian Government's failure to prevent their own nationals on their own territory from wilfully damaging British property which was entitled to protection at the Persian Government's hands. The outbreak of war in 1914 between two neighbours—each of them more powerful than Persia herself—in the immediate proximity of the Anglo-Persian Oil Company's field of operations did, indeed, expose the inability of the Persian Government to carry out their obligations under Article 14 of the D'Arcy Concession (see p. 227, above). They found themselves unable even to keep order inside their own frontiers, and *a fortiori* unable to protect their neutrality against either the Turks or the British. Persia's experience in this case indicates that it is unwise for any Government to develop natural resources that excite the covetousness of their neighbours until they have made themselves effectively master in their own house. But this is manifestly a counsel of perfection, for even a Government with greater knowledge of the world than the Persian Government possessed at the opening of the twentieth century might be pardoned for having failed to foresee in the spring of 1901 (when the D'Arcy Concession was signed) the situation that was to arise in the autumn of 1914.—A. J. T.

<sup>3</sup> £26,000 appears to have been the Anglo-Persian Oil Company's estimate of the net cost of oil lost. The £600,000 included consequential losses arising from the interruption of all oil supplies to the refinery, breaking of contracts, and so on.—A. J. T.

<sup>4</sup> This allegation was denied by the Company. They maintained that they had merely refused to accept certain particular conditions for an arbitration process which the Persian Government had put forward. The matter was eventually disposed of as part of the Armitage-Smith settlement (see pp. 232–3, below), in which the Company waived its own claims against the Persian Government under this head, while paying a round sum of £1,000,000 in settlement of the various claims of the Persian Government.—A. J. T.

figures, we will ask experts to go into the matter.' In the Company's eyes we were liable,<sup>1</sup> and it set itself up as both judge and plaintiff.<sup>2</sup>

While Article 14 of the D'Arcy Concession was thus turning out to be unexpectedly formidable for Persia, the lucrativeness of Article 10 was found to be affected, in a way that the Persian Government do not appear to have anticipated, by the vagueness with which this article had been drafted. 'While Article 10 of the concession provided that there was to be paid to the Persian Government annually a sum equal to 16 per cent. of the annual net profits of any company or companies that might be formed in accordance with the terms of the concession to operate the same, it did not attempt to define the basis on which the annual net profits of any such company were to be arrived at in calculating the Persian Government's royalty. It is obvious that the phrase "net profits" is open to various interpretations, and when, after some fifteen years' work on the concession, profits were first derived from it, questions soon arose between the Persian Government and the Company as to the manner in which the "net profits" on which the Persian Government were to receive their 16 per cent. ought to be calculated. That such questions should have arisen was not a matter for surprise, having regard, on the one hand, to the lack of precise definition within the body of the D'Arcy Concession agreement, and, on the other, to the steady expansion in all directions of the Company's business relations and to the inevitably increasing complexity of its financial and accounting arrangements.'<sup>3</sup> Like other contemporary Western men of business on a large scale, those who had taken up the D'Arcy Concession found it convenient to divide the conduct of their business between a number of companies—each concerned with some particular phase or process of the business, or with its conduct in some particular region—which were juridically separate but financially interdependent; and the method of accounting, as between these many-in-one companies or one-in-many, might conceivably make all the difference to the calculation of the 'net profits' of the Anglo-Persian Oil Company on which the Persian Government were entitled to their percentage.

<sup>1</sup> According to the Anglo-Persian Oil Company's own records the Persian Government's liability was admitted in February 1915 in a conversation between the Persian Minister for Foreign Affairs and a representative of the Company. It was arranged that the Ministry of Foreign Affairs should discuss with the Ministers of War and the Interior some ways and means of effectively protecting the Company's installations; but nothing appears to have come of this.—A. J. T.

<sup>2</sup> Statement by the representative of Persia, Monsieur Davar, before the Council of the League of Nations on the 26th January, 1933.

<sup>3</sup> *British Memorandum, amplifying Company's Communiqué.*

'After lengthy but unfruitful negotiations, the Persian Government formally appointed, in August 1920, the late Sir Sydney Armitage-Smith—then their Financial Adviser—as their representative to adjust finally all questions in dispute between the Persian Government and the Company, either by an amicable arrangement or, if that were not possible, by arbitration. . . . The Company met the Persian Government's representative, both parties having the assistance of legal and accountancy advisers; and on the 22nd December, 1920, an agreement was signed on behalf of the Persian Government and of the Company, setting out the basis upon which the Company's profits were to be calculated for the future in ascertaining the royalty to be paid to the Persian Government under Article 10 of the D'Arcy Concession. At the same time, a collateral agreement was signed between the Persian Government's representative and the Chairman of the Company, by which the Company agreed to pay to the Persian Government in final settlement of the outstanding questions between the Government and the Company a sum of £1,000,000 sterling. This settlement covered all claims of the Persian Government in respect of unpaid royalties up to the 31st March, 1919.<sup>1</sup> In a legal opinion<sup>2</sup> which was given to the Persian Government on the 27th July, 1921, by a London firm of solicitors, Messrs. Lumley and Lumley, the Persian Government were advised that the new settlement certainly required ratification to make it binding; that Sir Sydney Armitage-Smith had possibly exceeded his powers in entering into it, in as much as it altered, rather than interpreted, the terms of the D'Arcy agreement in several important respects; and that the apparent effect of these alterations was to make the new agreement less favourable than the D'Arcy agreement to Persian interests. In the opinion of these legal advisers, the Persian Government were then still at liberty not to adopt Sir Sydney Armitage-Smith's settlement; but they also advised that, if it was intended to repudiate the agreement, steps should be taken to do so as promptly and with as little delay as possible. In the event, the Persian Government, in their dealings with the Company, do not appear to have challenged the validity of this Armitage-Smith settlement until the 25th April, 1928;<sup>3</sup> and in the meantime they not only accepted the £1,000,000

<sup>1</sup> *British Memorandum*, following *Company's Communiqué*. The Persian Government's own expert appears to have advised them that £535,402 10s. 3d. represented 'every claim which could have been put forward on behalf of the Government, some of which would probably have been decided in favour of the Company'.

<sup>2</sup> Text in Appendix III to the *Persian Memorandum*.

<sup>3</sup> See *Persian Memorandum*, Appendix IV.

tendered to them under the collateral agreement, but they also concurred, year by year, 'from 1920 till about 1928',<sup>1</sup> in the adoption of the Armitage-Smith settlement, *de facto*, as the basis for the calculation of their annual percentage of net profits. On the other hand, they refrained from submitting the Armitage-Smith settlement to the Majlis at Tih-rān for ratification.

From 1920 to 1928 the only overt differences between the Persian Government and the Company were differences between the two parties' respective accountants over the interpretation of the D'Arcy agreement and the Armitage-Smith settlement; and the only reservations which the Persian Government made, in taking payment of the royalties, were in regard to such of these differences as remained outstanding. From 1928 onwards, however, negotiations for revising the whole or part of the D'Arcy Concession itself were opened on three successive occasions.

The restiveness on the Persian side which declared itself in 1928 and culminated in a unilateral cancellation of the D'Arcy Concession on the 27th November, 1932, can be traced to the combined operation of a number of distinct causes.

One cause was the rapid progress in the apprenticeship of the Persians, *pari passu* with other civilized non-Western peoples, in the ways of the Western World. In 1901, and even as late as 1920, there were perhaps few Persians—or, at any rate, few Persians in high places—who had either the technical knowledge or the practical experience required for driving a hard commercial bargain in the Western style, or for appreciating the fine points in the execution of a commercial agreement which was already a *fait accompli*. By 1928 both the Persian Government and the Persian public had become more acutely aware of the ways in which it was possible for a party in Persia's position to be exploited by, and to exploit, a party in the position of the Anglo-Persian Oil Company; and they were not now afraid of acting upon their greater knowledge; for, under Rizā Shāh's régime, the Persian people, who had previously been paralysed by an overwhelming sense of helplessness in the face of an intimidatingly potent Russian and British imperialism, had recovered the hardihood to fight once more for their own hand. In these circumstances the Persians were perhaps prone to nurse suspicions against Western business concerns which might have been dissipated by a closer knowledge of their actual practice; to assume that all was fair in warfare against a formidable adversary whom they saw in this suspicious light; and to take the British Government's recourse to

<sup>1</sup> *British Memorandum.*

the Covenant of the League of Nations, in lieu of naval or military self-help, as a confession of weakness, instead of recognizing in it the reflection of a change of outlook and policy which was both genuine and voluntary.

The Persians were also keeping an eye on the fortunes of their neighbours who (as they saw it) were fighting the same battle against similar opponents; and their growing desire to secure a revision of the D'Arcy Concession was undoubtedly fortified by the example of the 'Irāqīs—a newly fledged Middle-Eastern nation who had succeeded in negotiating, in 1931, a revision of the concession of the 'Irāq Petroleum Company (a Western business concern which was closely allied with the Anglo-Persian Oil Company).<sup>1</sup> A point in the new agreement of the 24th March, 1931, between the 'Irāqī Government and the 'Irāq Petroleum Company which seems to have made a particularly strong impression on Persian minds was the assurance which the 'Irāqī Government had received of a large regular minimum annual revenue from the commercial exploitation of the oil resources of their country by Western capitalists.<sup>2</sup> For Governments which were as poor as those of 'Irāq and Persia, the new oil revenues were the most important single item in the national budget; effective budgeting was rendered extraordinarily difficult if so important an item of revenue as this were liable to violent annual fluctuations;<sup>3</sup> and this difficulty was especially irksome for a Government who were in need of the largest possible revenue in order to recondition the national life of their country on a Western standard, in addition to carrying on their routine activities. In the nine financial years 1919–20 to 1927–8 inclusive, the Persian Government's annual royalties from the Anglo-Persian Oil Company had been at the average rate of £708,667 sterling per annum; but the actual annual receipts had

<sup>1</sup> For the history of the relations between the 'Irāqī Government and the 'Irāq Petroleum Company see pp. 188–93, above.

<sup>2</sup> The 'Irāq Petroleum Company were able to give this assurance at this date because, by this time, they had ascertained the potentialities of the oil-field, which they had discovered in the Kirkūk district, sufficiently closely to be able to estimate what the royalties accruing to 'Irāq would amount to when the projected pipe-line system was constructed and in operation. It was the company's explorations rather than any pressure on the Government's part that led up to the revision of the original concession on terms that were not unacceptable to either party. This is shown by the fact that the guaranteed minimum annual payment, which was assured to the Government in the revised agreement, had not been extorted by the Government but had been offered by the Company itself.

<sup>3</sup> In Persia, however, the royalty receipts from the Anglo-Persian Oil Company appear to have been excluded from the ordinary budget and to have been reserved for special purposes.

varied from £411,000 in 1923-4 to £1,400,000 in 1926-7; and this latter figure—which was the highest of all the nine annual figures in question—had been followed immediately, in 1927-8, by a figure of £502,000, which was the lowest figure but two out of the nine.<sup>1</sup>

The Persian resentment at these fluctuations, when they happened to be in a downward direction, was sharpened by the belief that they were to a large extent arbitrary; for, apart from the wide possible latitude in the method of accounting, which was a matter in which the Persian Government themselves had a voice, it was open to the Anglo-Persian Oil Company to increase or diminish its production from its Persian fields in any given year without the Persian Government having a *locus standi* for intervention. As a business concern which had to take a world-wide view of its business and which was in intimate relations—both of consultation and of competition—with other oil companies whose interests were likewise ubiquitous, the Anglo-Persian Oil Company might desire to restrict its Persian output at any time when it might be seeking, in collaboration with its peers, to restrict the output of oil all over the World in the hope of maintaining economic prices. During the years between the restoration of peace and the onset of the World Economic Crisis, the world production of oil had been making such enormous strides—even by comparison with the increase in the world demand—that the oil industry found itself hard hit when the crisis came. Throughout the year 1932 the newspapers were full of reports, or rumours, of attempts to arrive at an arrangement between the principal oil interests of the World for a general restriction of output on an agreed ratio; and, as far as the Anglo-Persian Oil Company was concerned, the Chairman told the shareholders on the 17th June, 1932, at the twenty-third ordinary general meeting, that the company had 'for several years past deliberately controlled its output with the object of producing no more than could be disposed of through its established markets, thereby making an exemplary contribution to economic stability in the oil world'. To this the Persians retorted that a policy which might count for righteousness in the mineral kingdom might work out unfairly for the Empire of Iran; and they were not convinced by Sir John Simon's argument<sup>2</sup> that in this matter the interests of the Persian Government, as a royalty owner (in virtue of their title to a percentage of net profits), were identical with those of the concessionaire, on the ground that the Government

<sup>1</sup> These figures were given by Sir John Simon in his speech before the League Council on the 26th January, 1933.

<sup>2</sup> In his speech of the 26th January, 1933.



would stand to lose *pari passu* with the Company if a reckless over-production were to break the world market and bring down prices with a run. The Persian answer to this<sup>1</sup> was that, in any assessment, by quotas, of a reduction of total output as between the several sources of supply, the Persian fields were entitled to specially lenient treatment, because the oil industry had had difficult times only in recent years, whereas the Anglo-Persian Oil Company had been working in Persia for a long time.<sup>2</sup> It was also represented on the Persian side<sup>3</sup> 'that, even in years of depression, the company' had 'considerably extended its operations outside Persia'.<sup>4</sup>

It was against a mental background of considerations such as these that negotiations between the Persian Government and the Anglo-Persian Oil Company were now taken up on three successive occasions: once in 1928 and twice in 1931. The two earlier of these three

<sup>1</sup> See Monsieur Davar's speech of the 26th January, 1933, in reply to Sir John Simon.

<sup>2</sup> This argument may have had abstract justice on its side, and the Persian Government might perhaps reasonably have urged it if the reduction of the total world output of oil had been under the control of the Anglo-Persian Oil Company exclusively. Actually, the reduction depended upon agreement between the Anglo-Persian Oil Company and several other great companies—of which two, at least, were older and perhaps more powerful. Manifestly, these other companies had no motive, either of interest or of sentiment, for granting an exceptionally favourable quota of production to the Persian fields. The Anglo-Persian Oil Company claimed that it had fought consistently for a place for Persian oil within the limits of what was possible, and that Persian oil had in fact won its way to the markets of the World in a very favourable ratio, having regard to the limited expansion of world consumption. The output of Persian oil had increased from 1,106,000 tons in 1919 to 5,939,000 in 1930, which was an increase of 537 per cent. against a world increase of 206 per cent. To have forced the pace of production still further would have led to a dangerous accentuation of all the difficulties associated with world over-production, which at that time was threatening to have catastrophic repercussions on the economic stability of the whole industry.

<sup>3</sup> See Monsieur Davar in *loc. cit.*

<sup>4</sup> The word 'operations' was ambiguous. If these operations consisted in opening up non-Persian sources of production for the purpose of supplying the world market, then the Persian Government might have a legitimate grievance on this head. On the other hand, the operations might have been limited to opening up non-Persian sources of production for the purpose of supplying a local market only (e.g. in the Transferred Territories of 'Irâq or in Argentina), or to increasing the Company's tanker-fleet, refineries, selling organizations, and other apparatus, outside Persia, for marketing the Persian product. Perhaps, in this passage, Monsieur Davar was alluding to the large interest which the Anglo-Persian Oil Company had acquired in the 'Irâq Petroleum Company, which was, of course, intending to produce for the world market. The Anglo-Persian Oil Company would probably have replied that, in obtaining a voice in the management of a concern whose product would be in direct competition with the Persian product, it was taking a common-sense step for the safeguarding of its own interests and the Persian Government's.

sets of negotiations were mainly concerned with 'the nature and extent of the increased participation which the Persian Government desired to receive';<sup>1</sup> and they both broke down over the Company's unwillingness to meet the Persian Government's desires for a modification of the Concession, on this point, to the measure of the Persian Government's demands.<sup>2</sup> The third set of negotiations, which began towards the end of the year 1931, were concerned with the narrower question—previously dealt with in the Armitage-Smith settlement of 1920—of the method of calculating the Company's net profits, to 16 per cent. of which the Persian Government were entitled under the agreement as it stood; and these negotiations were successfully carried through to the verge of completion. A preliminary agreement between the Persian Minister of the Court, Taymūr Tāsh Khān, and the Chairman of the Company, Sir John Cadman, was approved in February 1932 by the Council of Ministers in Tihirān; and a draft royalty agreement, worked out by the two parties' respective lawyers and accountants in order to embody the preliminary agreement with certain changes in the Persian Government's favour, was duly initialled by the parties' representatives in London and was then transmitted, for ratification by the Persian Government, to Tihirān, where the document arrived on the 29th May, 1932. At this moment, however, a new and disturbing factor entered into the situation.

On the 3rd June, 1932, the Company's accounts for the year 1931 were completed; and the provisional figures for the 16 per cent. of the Company's net profits, as they worked out on the Company's showing—subject to subsequent examination of the accounts on the Persian Government's part—amounted to no more than £306,872, as contrasted with £1,288,312 for 1930 and £1,437,000 (the highest figure yet attained) for 1929.<sup>3</sup>

<sup>1</sup> *Company's Communiqué.*

<sup>2</sup> In the Company's opinion some of these demands could only have been conceded at the price of making it impossible for the Company to carry on its business, and these particular demands were not conceded in the eventual settlement in 1933. In the Company's opinion the Persian demands did not allow properly for the unstable character of the oil industry (which was forcefully illustrated by subsequent events), nor for the extent to which the Company's profits, and its position in the world market, were dependent on circumstances which had nothing to do with the actual winning of crude oil and which were external to the obligations and rights established by the D'Arcy Concession. The minimum annual payment which was asked for on the Persian side in the earlier of the two sets of negotiations in 1931 would have resulted, in the year 1931 itself, in the Company's paying to the Persian Government the whole of its profits—from whatever source derived—leaving no return at all for some 52,000 shareholders and nothing for allocation to reserves.

<sup>3</sup> The low royalty for 1931 was a reflection of a low level of profits which was due, in its turn, to the extremely depressed state of the industry itself.

Thereupon, the Persian Government took several steps. First, they called for an interpretation and re-edition, in more comprehensible language, of the initialled agreement on royalties which had been received at Tihṙān on the 29th May. Next, on the 29th June, they refused to accept the royalty for 1931 which was payable to them on the terms of the agreements as they then existed. In the third place, in the first week in July, they informed the Company's representative in Tihṙān that, while the draft royalty agreement was still being examined, tentative proposals to the Company on an entirely different basis were under consideration. On the 16th November, 1932, the Minister of Finance at Tihṙān told the Company's representative that these proposals were almost complete; and the Company's representative was still awaiting them when, on the 27th November, 1932, he received from the Minister of Finance a communication<sup>1</sup> giving him notice that, as from that date, the Ministry, 'in accordance with the decision of the Persian Government', had 'cancelled the D'Arcy Concession and' would 'consider it void'.<sup>2</sup> The communication added that

at the same time, as the Persian Government has no other intention except to safeguard Persian interests, should the Anglo-Persian Oil Company be prepared, contrary to the past, to safeguard Persian interests, in accordance with the views of the Persian Government, on the basis of equity and justice, with the necessary security for safeguarding those interests, the Persian Government will not, in principle, refuse to grant a new concession to that Company.

On the 28th the Company replied<sup>3</sup> by declining, in courteous language, to admit the legality of the Persian Government's act of cancellation, and asking for an immediate withdrawal of the announcement. The Persian Minister of Finance counter-replied<sup>4</sup> by informing the Company that his communication of the 27th November had conveyed the Persian Government's final decision. Meanwhile, the Persian Government's announcement of their action had been celebrated in Tihṙān, by order, with public rejoicings; and the act of cancellation was ratified by the Majlis on the 20th December. On the other side, the Company's case was promptly taken up by the

<sup>1</sup> Text in *Company's Communiqué* and in *British Memorandum*.

<sup>2</sup> This notification was the more surprising to the Company inasmuch as their Resident Director at Tihṙān had been informed, as lately as the end of August 1932, by an authoritative spokesman of the Persian Government, that the validity of the D'Arcy Concession was held by the Government to be unquestionable.

<sup>3</sup> Text of reply in *Company's Communiqué* and in *British Memorandum*.

<sup>4</sup> Text of counter-reply in *Company's Communiqué* and in *British Memorandum*.

British Government at Westminster—not in their capacity as the principal shareholder in the Company, but ‘in exercise of’ their ‘rights to protect a British national when injured by acts, contrary to international law, committed by another state, and to ensure in the person of their nationals respect for the rules of international law.’<sup>1</sup>

On the 2nd December, 1932, the British Government presented a sharply worded note<sup>2</sup> to the Persian Government, expressing the opinion that the cancellation of the concession was ‘an inadmissible breach of its terms’; demanding the immediate withdrawal of the Persian Government’s notification to the Company; declaring the British Government’s intention—failing an amicable settlement by direct negotiations between the Persian Government and the Company—‘to take all legitimate measures to protect’ the Company’s ‘just and indisputable interests’; and giving warning that the British Government would not ‘tolerate any damage to the Company’s interests or interference with their premises or business activities in Persia’. To this note the Persian Government, on the 3rd December, made a stiff reply;<sup>3</sup> and thereupon, in a note<sup>4</sup> of the 8th December, the British Government declared that

should the Persian Government be unwilling to withdraw their notification of the cancellation of the concession within one week from the date of the present note—i.e., Thursday, the 15th December—His Majesty’s Government will have no alternative to referring the dispute which has arisen between them and the Persian Government, in regard to the legality of the Persian Government’s action, to the Permanent Court of International Justice at The Hague, as a matter of urgency, under the Optional Clause.

To this the Persian Government replied, on the 12th December, by denying the competence of the Court to exercise jurisdiction in this case; charged the British Government with attempting to exercise intimidation; and expressed the view that they would be within their rights in bringing the British Government’s action to the notice of the Council of the League. The British Government did not admit the Persian Government’s contention that the case was beyond the competence of the Permanent Court; but they observed that ‘by the terms of their acceptance of the jurisdiction of the Permanent Court under the Optional Clause’<sup>5</sup> the Persian Government reserved the right ‘to require that proceedings in the Court shall be suspended in respect of any dispute which has been submitted to the Council of

<sup>1</sup> *British Memorandum.*

<sup>2</sup> Text in *op. cit.*

<sup>3</sup> Text in *op. cit.*

<sup>4</sup> Text in *op. cit.*

<sup>5</sup> *League of Nations Treaty Series*, vol. 104, pp. 492 and 493.

the League of Nations', and they therefore realized 'that, should they carry out their original intention of submitting the matter to the Permanent Court, and should the Persian Government then bring the matter before the Council, that Government would be entitled to put a stop to the proceedings before the Permanent Court, with the result that the time which had been spent on those proceedings would be thrown away'. Accordingly, on the 14th December, 1932, the British Government themselves submitted the dispute to the Council<sup>1</sup>—not under Article 11 of the Covenant, but under the more peremptory Article 15—and on the 19th December, 1932, the Persian Government announced their intention<sup>2</sup> of appearing, in order to state their case, in the Council Chamber at Geneva.

The Council, having been seised of the British Government's submission on the 19th December, 1932, appointed Dr. Beneš (Czechoslovakia) to be its *rapporteur* on the matter on the 24th January, 1933, and on the 26th of the same month the Council listened to oral explanations, supplementing written memoranda previously communicated, from Sir John Simon on the British and Monsieur Davar on the Persian Government's part. In exposing the weak points in the Persian case, the British Secretary of State for Foreign Affairs was in his element; but his Persian opponent showed skill, as well as intrepidity, in standing up to one of the most accomplished advocates in the Western World of the day; and the outcome was determined less, perhaps, by the scoring of points in this play of words than by the experience and skill and resourcefulness of the *rapporteur* in applying the method of conciliation to two litigants who were neither of them anxious to pursue their quarrel *à outrance*. On the 3rd February, 1933, Dr. Beneš was able to present the Council with the following report:

As the Council is aware, the Persian Government considers that, so long as the concessionary company has not exhausted the legal remedies which are open to it in virtue of the national law of Persia, the Government of the United Kingdom does not possess, or has never possessed, the right to make the present case the object of a diplomatic claim, a fact which, in the opinion of the Persian Government, renders Article 15 of the Covenant entirely inapplicable.

The Government of the United Kingdom, while fully admitting the general principle on which the contention of the Persian Government

<sup>1</sup> Text of telegram of the 14th December, 1932, from the British Permanent Under-Secretary of State for Foreign Affairs to the Secretary-General of the League of Nations in *League of Nations Official Journal*, December 1932, p. 2297.

<sup>2</sup> Telegram of the 19th December, 1932, in *League of Nations Official Journal*, February 1933, p. 289.

is based, maintains that it is not applicable, and cannot be invoked by the Persian Government, in the present case.

In addition to this preliminary question, the case involves important questions of law. I do not think it necessary for the moment and in existing circumstances even to mention these questions, for, since the first examination of this question by the Council, I have been able to proceed to conversations and to an exchange of views with the parties concerned with a view to arriving at a provisional arrangement, and I have the satisfaction of informing the Council that I have been able to arrive at a result which, I hope, may lead us to a final settlement of the difference. This arrangement has taken the form of the following conclusions:

1. The two parties agree to suspend all proceedings before the Council until the session of May 1933, with the option of prolonging, if necessary, this time-limit by common agreement.

2. The two parties agree that the company should immediately enter into negotiations with the Persian Government, the respective legal points of view being entirely reserved.

3. The two parties agree that the legal standpoint of each of them, as stated before the Council in their memoranda and in their verbal statements, remains entirely reserved. If the negotiations for the new concession remain without result, the question will come back before the Council, before which each party remains free to resume the defence of its case.

4. In accordance with the assurance given by the Persian Government in its telegram of the 19th December, 1932,<sup>1</sup> to the President of the Council, it is understood that, while negotiations are proceeding and until the final settlement of the question, the work and operations of the company in Persia will continue to be carried on as they were carried on before the 27th November, 1932.

Thereupon the Council, with the concurrence of the Persian and the British representatives, passed a resolution to the effect that the Council

1. Takes note of the cases put before it by the two parties concerned and reserves the right to study them;

2. Appreciates the wisdom of the two parties to the dispute in refraining from any steps likely to aggravate the situation;

3. Approves the present report together with the conclusions of the provisional arrangement to which the conversations between the *rapporteur* and the two parties have led.

The *rapporteur* had, in fact, succeeded in arranging for the establishment of conditions under which the Persian Government and the Anglo-Persian Oil Company could enter into comprehensive negotiations for placing their relations on a new footing without the Persian Government any longer having to fear that the Company would be able to evade the issue or the Company any longer having to fear

<sup>1</sup> Text in *League of Nations Official Journal*, February 1933, p. 289.

that it might be compelled to conduct the negotiations at an unfair disadvantage; and the two principals to the dispute now lost no time in getting together. Sir John Cadman left London for Tihṛān on the 2nd March, 1933, and arrived at his destination on the 3rd April, and a new agreement<sup>1</sup> between the Company and the Persian Government was duly signed at 1.30 a.m. on the 30th of the latter month. This agreement was ratified by the Majlis on the 28th May, 1933, received the Shah's assent on the 29th, and came into force on the same day.

The negotiations which were brought to this successful conclusion were evidently difficult, even under the conditions which had been created by Dr. Beneš's mediatory action at Geneva. Indeed, it was reported that, at one stage, they had reached an *impasse* which was only overcome by the Shah's personal intervention on the 24th April. At the same time it seems unlikely that either Rizā Shāh or Dr. Beneš could have found a way of reconciling the opposing points of view if there had not been some common ground and common interest, all along, between the Persian Government and the Company. As the Chairman of the Company put it to the shareholders, in reviewing the history of the whole transaction in retrospect,

It should not be imagined for one moment that the desire for a new and more modern form of agreement was felt only by the Persian Government. A whole series of new conditions in Persia—which has passed very rapidly through a period of reconstruction in respect to its constitutional, legal, and fiscal structure—had made it necessary for the Company to seek a new relationship and a new code of interpretation of its rights and obligations. We were urgently in need of stable and acceptable definitions in respect to such matters as the recent Persian Income-tax Law and other laws and regulations relating to currency, exchange, customs, internal taxation, trade equalization—many of which had become or threatened to become controversial subjects. You will appreciate that it has been no easy task to evolve a new and balanced agreement in the face of all these complicated issues and apparently conflicting interests. However, the eventual result has been a clear agreement, fair to both contracting parties, liquidating our accumulated differences, providing the Government with a less variable basis of revenue and the Company with a new charter which enables it to go steadily ahead, free of the doubts, uncertainties, and embarrassments of the past.<sup>2</sup>

<sup>1</sup> The official French text is printed in *Oriente Moderno*, June 1933, pp. 282–9, and in *League of Nations Official Journal*, French version, December 1933. An authoritative English text will be found in the English version of the *L.N.O.J.*, December 1933, pp. 1653–60.

<sup>2</sup> Sir John Cadman's speech at the twenty-fourth ordinary general meeting of the Anglo-Persian Oil Company on the 11th July, 1933.

The Persian Government's gains under the new agreement were conspicuous. In the first place, the Persian Government—like the 'Irāqī Government in their revised agreement of the 24th March, 1931, with the 'Irāq Petroleum Company<sup>1</sup>—obtained a drastic reduction of the area to which the Company's concession applied.<sup>2</sup> From the date of the coming into force of the new agreement until the 31st December, 1938, the concession was to apply to an area, coincident with the southern half of the original D'Arcy Concession, which was traced on a map attached to the new agreement. Within this reduced area, by the aforementioned date, the Company was to select 100,000 English square miles in one or more blocks, and the concession was to be confined within these narrower limits thereafter (Art. 2). This would greatly enlarge the area within which the Government were at liberty to grant other local concessions to other concessionaires; and the indirect means of ruling out rival concessions, which the Anglo-Persian Oil Company had hitherto possessed, was removed by the withdrawal (Art. 3) of the monopoly, which they had enjoyed under the D'Arcy Concession, of constructing pipe-lines to the south coast. At the same time the Government secured that, within the reduced area of the concession, the Company should extend the range of its operations more widely. The Company now undertook (Art. 9) to start operations immediately for both producing and refining petroleum in the Province of Kirmānshāh, in addition to its previous operations in the Province of Khūzistān.

In the matter of the Government's financial interest in the Company's activities, it was now arranged that, from the 1st January, 1933, onwards, the Persian Government should receive four shillings on every ton of petroleum which was sold by the Anglo-Persian Oil Company for consumption in Persia or which was exported from Persia. At the same time, in order to give the Persian Government an interest in the total business of the Company and its subsidiaries all over the world, the Government were to receive a sum equivalent to 20 per cent. of the Company's annual profits actually distributed to its ordinary stockholders in excess of the sum of £671,250 (equivalent to a 5 per cent. dividend on the ordinary stock capital), whether the excess consisted of normal dividend distributions or of general reserves in excess of the amount of the Company's reserves as these stood on the 31st December, 1932.<sup>3</sup> Under these two heads the

<sup>1</sup> See p. 191, above.

<sup>2</sup> In either set of negotiations the proposal that a reduction of the area of the concession should be an element in the new settlement appears to have originated with the Company and not with the Government.

<sup>3</sup> This arrangement insured an identity of interest between the Persian



Company guaranteed a minimum aggregate payment of £750,000 per annum to the Government; and, in consideration of this, the Government refrained from insisting upon a minimum annual tonnage of production of oil in Persia by the Company (Art. 10).<sup>1</sup> On their sterling receipts from the Company the Government were guaranteed an adjustment, in their favour, at an agreed rate, of the figure in sterling, if and when the price of gold rose above £6 sterling per ounce (troy); and this guarantee was to be reconsidered and, in default of agreement, referred to arbitration if at any time the Government came to the conclusion that gold had ceased to be the general measure of value (Art. 10).

Within the reduced area of the concession the Company's rights of exploitation were limited, as before, to petroleum; and the Company was to place at the Government's disposal all the information which it might acquire about any of the natural resources of the concession area (Arts. 12-14).

Subject to the over-ruling principle that the highest degree of efficiency and economy was to be maintained in the Company's administration and operations in Persia, the Company was to recruit its skilled labour and technical and commercial staff from Persian subjects as far as properly qualified candidates were forthcoming; and the unskilled labour was to be recruited from Persian subjects exclusively (Art. 16). The Company was to spend £10,000 per annum in Great Britain on giving a professional education, within the field of the oil industry, to Persian subjects. The Company was also to continue to provide, at its own expense, the necessary hygienic services and apparatus on its lands and in its plant and buildings in Persia (Art. 17).

For internal consumption, private and governmental, in Persia, of motor spirit, kerosene and fuel oil produced by the Company from Persian petroleum, the Company was to give a specially favourable price, based on the ruling price in Rumania or in the Gulf of Mexico, whichever happened to be the lower at a given time (Art. 18).

Outstanding financial controversies on points of detail were to be settled by a lump sum payment of £1,000,000 on the Company's part; and the regular payments for both the years 1931 and 1932 were to be made on the basis of the new agreement instead of being made on the basis of the D'Arcy agreement (Art. 23).

Government and the shareholders of the Company in the choice of the method of reckoning profits.

<sup>1</sup> It would, of course, have been impossible to guarantee that any minimum annual tonnage could be either found or got or sold.

While the Persian Government's gains, just enumerated, were conspicuous, the Company's advantages, under other provisions of the new agreement, were substantial.

For instance, the Company was still assured, as under the D'Arcy Concession, of being exempt from customs duties or any other kind of taxation on its exports of petroleum, and on its imports of all materials required exclusively for its operations in Persia, and the same privilege was now expressly extended to its imports of medical supplies and sanitary apparatus (Art. 6). A new and important advantage was its exemption from the obligation—which would otherwise have been incumbent upon it under the Persian Government's current regulations—of surrendering its foreign exchange to the Government (Art. 8). It was also exempted (Art. 11), for the first thirty years of the term of the new concession, from all Persian national or local taxation, in consideration of a fixed surcharge on the royalty per ton prescribed in Article 10. For the first fifteen years the surcharge was to be at the rate of 9*d.* on the first 6,000,000 tons<sup>1</sup> and 6*d.* on any tonnage beyond that figure, with a guaranteed minimum payment, under this head, of £225,000 per annum. For the next fifteen years the corresponding figures were to be 1*s.*, 9*d.*, and £300,000. The corresponding arrangements for the succeeding thirty years were to be settled, by agreement, before the year 1963.

The Company was given the right to renounce the concession at two years' notice, which might be given at the end of any calendar year (Art. 25). Otherwise (Art. 26), the concession was to run till the 31st December, 1993—a provision which was equivalent to a prolongation of the D'Arcy Concession (which was due to expire on the 28th May, 1961) by more than thirty-two years. This large extension of the concession in the time-dimension gave the Company a substantial compensation for the drastic cutting-down of the concession in the space-dimension. Moreover, it was expressly laid down in the same context that, if the Company did not renounce the concession, then the concession could not be terminated before the 31st December, 1993, unless the arbitral tribunal established under the new agreement (see below) were to declare the concession annulled by reason of the Company's failure to carry out the terms of the convention; and the only failures that were to count, for this purpose, were a failure on the Company's part to pay, within a month of the award, any sum which it was called upon, by the arbitral tribunal,

<sup>1</sup> By the terms of Article 23, this was also to be the basis for the retrospective settlement of any taxes owing from the Company for the period 21st March, 1930–31st December, 1932.

to pay to the Persian Government, or else a failure in the sense of a liquidation of the Company, either voluntary or involuntary (Art. 26). The concession was not to be annulled by the Persian Government; and its provisions were not to be altered either by legislation or by administrative action (Art. 21).

All differences of any kind between the parties were to be settled by arbitration; and an arbitration procedure was laid down in which the President or the Vice-President of the Permanent Court of International Justice was enlisted for the purpose of breaking any deadlocks in the appointment of the arbitral tribunal. A particularly important provision was that the award was to be based on the juridical principles contained in Article 38 of the Statutes of the Permanent Court of International Justice (*q.v.*), and that there was to be no appeal against the award (Art. 22).

The conclusion of this agreement between the Persian Government and the Anglo-Persian Oil Company disposed of the dispute, before the League Council, between the Persian Government and the Government of the United Kingdom. This was taken for granted at a meeting of the Council which was held on the 26th May, 1933, in the interval between the signature of the agreement on the 30th April and its entry into force on the 29th May. The formal liquidation of the inter-governmental dispute was consummated at a further meeting of the Council on the 12th October, 1933.

It remained for the Chairman of the Company to obtain the approval of the holders of the Company's ordinary stock, whose interests were directly affected by the increase in the onerousness of the financial terms of the new agreement, from the Company's point of view, by comparison with the terms of the agreement of 1901. The stockholders, who had received a 15 per cent. dividend for the year 1930, had received only 5 per cent. for 1931 and nothing at all for the first part of 1932. The Company's net profits, however, for the year 1932 turned out to be £2,379,677 as against £2,318,717 for 1931; and, after the conclusion of the new agreement, the Board decided to declare a dividend of  $7\frac{1}{2}$  per cent. for the year 1932 on the Company's ordinary stock. This was done at the price of reducing the amount of the sum carried forward to the next year; but this reduction of margin was explained by the Directors on the ground that the settlement with the Persian Government had relieved the Company of the uncertainty which had hitherto compelled it to maintain this margin at a high figure. For the year 1933 the net profits were £2,643,978; and, after providing for extra depreciation and placing £200,000 to reserves, the Directors were once again able

to declare a dividend, on the Company's ordinary stock, of  $7\frac{1}{2}$  per cent. These figures were not only remarkable, in themselves, for years of depression; they were also proof that Sir John Cadman and his colleague, Mr. W. Fraser, had not deserved ill of the stockholders in entering into the agreement of the 30th April, 1933, with the Persian Government. By the same token the Persian Government might be held to have been acting as they were in duty bound to act as the custodians of the interests of the Persian people when they had exerted themselves to obtain terms from the Company which were conspicuously more favourable than the terms of the D'Arcy Concession were to Persian interests—and this even though the high-handed action to which the Persian Government had resorted, in order to bring their long-drawn-out controversy with the Company to a head, might be indefensible in itself and unedifying by comparison with the moderation which the British Government had shown in submitting to the arbitrament of the League instead of meeting the Persian Government's appeal to force by a retort in kind. Now that the controversy had been settled, in the end, by free agreement, and on a basis which was neither inequitable nor oppressive to either of the two principals, it might be hoped that the relations between the Persian Government and the Anglo-Persian Oil Company would be smoother and more cordial than ever before, and that such improvement, if it did follow, would be reflected in a corresponding improvement in the general relations between the Persian and the British peoples, in whose contact with one another the activities of the Anglo-Persian Oil Company played so large a part.

**(vi) The Economic Development of Palestine excluding Transjordan (1930–34) and the Political Disturbances of October and November 1933.**

In a previous volume of this series,<sup>1</sup> the history of the administration of the British mandate for Palestine, with the threefold task that it enjoined upon the Mandatory Power,<sup>2</sup> has been carried down to the outbreak of August 1929 and its consequences. During the four years immediately following that calamity, the land had comparative peace.<sup>3</sup> In their reports on the administration of Palestine

<sup>1</sup> *The Survey for 1930*, Part III, section (iii).

<sup>2</sup> *Op. cit.*, pp. 228–30. The three obligations entailed in the mandate were to promote the establishment of a Jewish National Home in Palestine; to secure the non-Jewish element in the population against suffering detriment from the execution of the obligation towards the Jews; and to educate the population of Palestine into becoming a self-governing body politic.

<sup>3</sup> 'Comparative' and not 'absolute' peace; for during the whole of the year

in 1930 and 1931 and 1932, the British Government were able to record, each time, that public order had been either completely or substantially preserved;<sup>1</sup> and when disorders did break out again in the autumn of 1933, these were very far from being on the same scale as those of 1929. Moreover, in the British Government's opinion, as declared in their report for the year 1930,

The comparative tranquillity which characterized the past year in Palestine was not due solely to the presence of strong forces for the maintenance of public security. While feeling between Jew and Arab still ran high, the temper of the populace became perceptibly less violent and inter-racial antagonism somewhat less bitter.<sup>2</sup>

At the same time, the recrudescence of disturbances in 1933 gave warning that the political passions which were the cause of these recurrent outbreaks had been driven below the surface without being appeased; and though the Arab *émeutes* of 1933 were directed against the mandatory authorities and not against the Palestinian Jewish community, and—perhaps on this account—were neither so virulent nor so destructive as the *émeute* of 1929, the fact that, on the later occasion, there was not any direct physical collision between the two rival communities in Palestine was reassuring only to a limited extent, since the underlying reason for this outbreak against the Mandatory Power on the part of the Arabs was the Mandatory's perseverance in carrying out its obligation of promoting the establishment of the Jewish National Home. The measure of the British Government's lack of success in their endeavour to bring about an effective reconciliation between the Arabs and the Jews in Palestine is given by the difficulty which they found in making any appreciable progress towards fulfilling their other obligation of promoting self-government. At the time of writing in the spring of 1935, the Legislative Council, which the Mandatory Power had first tried to establish in 1922–3,<sup>3</sup> was still no more than a pious aspiration.<sup>4</sup> The mandatory authorities

1930, and most of 1931, the situation was tense, and in August 1930 there was a minor Arab outbreak at Nāblus. During those two years, there was also a series of terrorist murders of Jews.

<sup>1</sup> See *Report 1930*, p. 6; *Report 1931*, p. 1; *Report 1932*, p. 4.

<sup>2</sup> *Report 1930*, p. 7.

<sup>3</sup> See the *Survey for 1925*, Vol. i, pp. 363–4.

<sup>4</sup> On the 10th November, 1932, the then British High Commissioner in Palestine, Sir Arthur Wauchope, stated to the Permanent Mandates Commission that he hoped for the establishment of a Legislative Council as soon as the then forthcoming Local Government Ordinance had been brought into working order (Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 82). This latter ordinance, however, was not enacted till the 12th January, 1934; and thereafter, when the project for a Legislative Council was duly taken up again by the mandatory authorities, they met with opposi-

were, however, attempting to work their way, along a new line of approach, towards an eventual discharge of this particular obligation by fostering municipal autonomy; and, after a not very brilliant start,<sup>1</sup> some substantial results were achieved in this field in 1934. After the enactment of a Municipal Corporations Ordinance on the 12th January of that year, 'elections of councillors' took 'place, in accordance with the provisions of the Ordinance, in 22 out of the 23 municipal areas scheduled. By the end of the year or the beginning of 1935 twenty newly elected councils were in being; and conditions had thus been created wherein representative Palestinians of all communities and races might acquire training in the common management of public affairs under a modern code of municipal legislation.'<sup>2</sup> It was to be hoped that this achievement might prove to be the first step towards a solution of the political problem as it had been described by the British High Commissioner in Palestine, Sir Arthur Wauchope, to the Permanent Mandates Commission on the 10th November, 1932.

As regards security [Sir Arthur Wauchope observed on that date], the Commission knows that the activities of the Government in its work of development are gravely handicapped, in that almost one-third of the revenue is spent on defence and police forces.<sup>3</sup> I consider maintenance of peace and confidence in the general security both of person and

tion from the Jews and the Arabs alike: from the Jews because they were unwilling to accept a minority representation in proportion to their numbers in Palestine at the moment, and from the Arabs because they were unwilling to co-operate with the mandatory régime in a manner which might be taken to imply acquiescence in the terms of the mandate in respect of the Jewish National Home. The Arabs were, however, at this time more disposed to acquiesce in the project for a Legislative Council than they had been in previous years; and at the beginning of December 1934 the High Commissioner told an Arab deputation that, after consultation with the Secretary of State for the Colonies in Whitehall, he had decided to make a fresh move for the establishment of a Legislative Council, as soon as he had had time to see how the new municipal councils were working (*Report 1934*, p. 8).

<sup>1</sup> See *Report 1930*, pp. 29-30; *Report 1931*, pp. 16-17; *Report 1932*, pp. 17-19; *Report 1933*, pp. 30-1.

<sup>2</sup> *Report 1934*, p. 7 (see also pp. 26-7 and Appendix III). Even before this, Jews and Arabs had been working together successfully on the municipal councils of Haifa and Tiberias; and in Jerusalem—where Jews had found no place for themselves on the municipal council so long as Rāghib Bey an-Nashāshibi was mayor—a council composed of Arabs and Jews in equal numbers was working satisfactorily in June 1935.

<sup>3</sup> This proportion did not compare unfavourably with a corresponding analysis of the contemporary budgets of neighbouring Middle Eastern countries (e.g. Transjordan, Syria, 'Irāq). At the same time, it did present a contrast to the extraordinarily low footing on which the Palestine Government had contrived to keep their military establishment in the years 1925-9 (see the *Survey for 1930*, pp. 224-5).

property to be of paramount importance in Palestine. The unhappy memories of 1929 are not yet effaced. A feeling of general goodwill between all sections of the community does not yet exist. Without a general feeling of security there would be little happiness and little progress or development. . . . It is . . . with deep regret that I have come to the conclusion that I shall neither now nor in the near future be able to recommend a reduction of expenditure in our Defence or Police Forces.<sup>1</sup>

This statement of the political problem remained as true as ever two and three years later; and in the summer of 1934, at the height of the local Palestinian economic 'boom',<sup>2</sup> an ex-High Commissioner, Sir Herbert Samuel, frankly declared that

Every one in Palestine agrees that the economic development is astonishing; no one thinks that the political situation shows any appreciable improvement.<sup>3</sup>

At the moment when those words were written, in the depth of the world economic depression, the situation in Palestine was doubly paradoxical—if it is to be regarded as a paradox that one small country should move in a diametrically opposite direction to the World as a whole. Since the Peace Settlement after the General War of 1914–18, Palestine was already the theatre of a political *tour de force*: the attempt to inject a new national and religious minority into one province of a world in which, in this age, minorities, all around, were being repressed or expelled or exterminated. Since the onset of the world economic depression in 1929, Palestine had become the scene of an economic *tour de force* as well. For, while

<sup>1</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, p. 80.

<sup>2</sup> This term had perhaps acquired a depreciatory connotation after the sequel to the American 'boom' of the years ending in the autumn of 1929. At the same time, the use of the term is not easy to avoid in describing an economic phenomenon in Palestine which displayed so many of the outward features of American 'boom' conditions. In using the term in this Palestinian context, the writer of this *Survey* does not wish to create the impression that the Palestinian 'boom' which had declared itself in 1930, and which was still in full swing at the time of writing, was bound sooner or later to be followed by a 'slump'. The outward appearance of a 'boom' may be supported by a solid core of sound economic development; and in such a case the acceleration in the increase of prosperity need not entail any subsequent setback of corresponding magnitude. In the *Memorandum on the Development of the Jewish National Home, 1934*, submitted in June 1935 by the Jewish Agency for Palestine to the League of Nations, it was represented (p. 3) that 'the expansion of the last three years is . . . much more than a transitory boom phenomenon. A far-reaching change in the whole economic structure of the country is taking place, the effect of which will be many times to increase the country's economic capacity, and to create new standards of living, and new and wider social and political horizons, for all its inhabitants.'

<sup>3</sup> Sir Herbert Samuel in *The Observer*, 8th July, 1934.

Palestine had been subject to the depression at the outset, she began, in the course of the year 1930, to make a remarkable recovery; during the next few years this recovery developed into a veritable 'boom'; and the most conspicuous feature in the 'boom' was that Palestine now audaciously cast off her moorings from her traditional economy of local self-sufficiency and hazarded her economic fortunes upon the ocean of world-economy<sup>1</sup> at a moment when the Mandatory Power and other Western countries which had sailed into affluence on the high seas in the nineteenth century were frantically seeking shelter from the economic storm by running into the antique haven of a primitive economic *autarkeia*.

This local Palestinian bout of prosperity at a time when economic perplexity and embarrassment reigned in almost every other country in the World was an unmistakable fact to which consistent testimony was borne by an imposing upward movement in a wide range of phenomena: in population, in immigration, in capital investment, in transport, in citrus-cultivation, in manufactures, and in government revenue.

A perhaps unparalleled increase in population was revealed by the results of a census taken on the 18th November, 1931, in comparison with the figures of the previous census of the 23rd October, 1922.<sup>2</sup> During a span of little more than nine years, the total population of Palestine increased from 757,182 to 1,035,821, representing an aggregate increase of 36·8 per cent. and an average annual increase of 354 per 10,000, against a corresponding figure of 298 per 10,000 for the population of Canada in each of the years 1906-11. This rate of increase in the total population was very unequally distributed between the three communities—Muslim, Jewish and Christian—which accounted, between them, for all but a negligible residue of the inhabitants of the country. While the Jewish population increased from 83,794 to 174,610—representing an aggregate increase of 108·4 per cent. and an average annual increase of 850 per 10,000—the Muslims only increased from 590,890 to 759,712 (an aggregate increase of 28·6 per cent. and an average annual increase of 283 per 10,000) and the Christians only from 73,024 to 91,398 (an aggregate increase of 25·2 per cent. and an average annual increase of 251 per 10,000).

<sup>1</sup> Palestine had, no doubt, been gradually entering into the modern Western world-economy ever since the conquest of the country by Mehmed 'Ali in 1831-2; but the change in pace, from 1930 onwards, was epoch-making.

<sup>2</sup> The following figures are taken from E. Mills: *Census of Palestine, 1931* (Alexandria, 1933, Whitehead Morris, 2 vols.). According to the *Report on the Administration of Palestine for 1934*, p. 139, the total population was estimated to have been 1,104,605, exclusive of Badu, on the 30th June, 1934.



On the other hand, when the same phenomena are considered in terms of absolute figures instead of percentages and rates, it will be seen that the absolute increase of 187,196 in the non-Jewish population was more than double the absolute increase of 90,816 in the Jewish population. And, even in terms of percentages, the aggregate increase of 28.6 per cent. for the Muslim population, and 25.2 for the Christian population, during this span of nine years, stand out in striking contrast to the stationariness of the population of Palestine under the old Ottoman régime as well as to the post-war increase in the population of Transjordan under the rule of the Hāshimī Amīr 'Abdu'llāh.<sup>1</sup>

At the same time, the rate of increase in the Jewish population of Palestine during the nine years 1922-31 was extraordinary; and the pace did not slacken during the four and a half subsequent years that elapsed between the taking of the latest census and the time of writing; for the absolute figure, which had stood at not quite 175,000 in November 1931, was estimated<sup>2</sup> to have risen to about 245,000 by the end of 1933 and about 300,000 by the end of 1934. At the latter date, the Jewish element was believed<sup>3</sup> to amount to about 25 per cent. of the total population of the country; and it was calculated that the extraordinary relative increase and remarkable absolute increase in the numbers of the Palestinian Jewish community was accounted for, to the extent of about 90 per cent., by immigration.

In this matter, the statistics of authorized immigration from 1925

<sup>1</sup> The contrast between Palestine and Transjordan may be illustrated by the following figures, relating to the years 1930 to 1934, which are taken from the Palestine Government's annual reports.

	1930	1931	1932	1933	1934
Total non-Jewish population of Palestine (excluding nomads)	680,665	785,153	805,526	828,924	850,905
Natural increase per 1,000	31.15	26.7	22.4	25.4	19.47
Total population of Transjordan (estimated)	305,000	305,000	305,000	305,000	305,000
Natural increase per 1,000	12.1	16.5	15.5	11.8	9.24

It is also interesting to note that in Palestine Proper (excluding Transjordan) a comparison of the 1922 census with the 1931 census showed a marked contrast between the large increase of the non-Jewish population in typical centres of Jewish development, and the trifling increase in centres not affected by Jewish development. (For the figures see *Jewish Agency Memorandum, 1932*, paragraph 1, reprinted in *New Judea*, October 1932, p. 6.)

<sup>2</sup> *Jewish Agency Memorandum, 1934*, p. 3.

<sup>3</sup> *Op. cit.*, *loc. cit.*

to the first four months of 1930 inclusive that have been quoted in a previous volume<sup>1</sup> may be here brought up to date.

	<i>Immigrants.</i>		<i>Emigrants.</i>		<i>Net Immigration.</i>	
	<i>Total.</i>	<i>Jews.</i>	<i>Total.</i>	<i>Jews.</i>	<i>Total.</i>	<i>Jews.</i>
1930 (complete year) .	6,433	4,944	3,003	1,679	3,430	3,265
1931 . . . . .	5,533	4,075	1,346	666	4,187	3,409
1932 . . . . .	6,730	5,823	no record	no record	..	..
1933 . . . . .	29,101	27,862	no record	no record	..	..
1934 . . . . .	39,027	38,244	no record	no record	..	..

It will be seen that, after the re-opening of immigration under the Labour Schedule—a step which was taken on the 10th November, 1930, after the temporary suspension at the end of the foregoing May<sup>2</sup>—the volume of authorized immigration under all categories<sup>3</sup> rose again until, in 1933, it approached the figures that had been registered in the ‘peak’ year 1925. In the year 1933, in order ‘to relieve the plight of German Jews, the Palestine Government, without infringing the principle of economic absorptive capacity, granted a number of administrative concessions: it issued three thousand immigration certificates in 1933, in advance of publication of labour schedules, for distribution in Germany, and applications from settlers in Palestine for the admission of their near relatives were treated with special consideration. In addition, immigration of capitalists and skilled artisans from Germany was facilitated.’<sup>4</sup> On the other hand, in April 1930, the minimum amount of capital required to be at the disposal of an immigrant in order that he might qualify for category A 1 (persons of independent means) had been raised from £ (Palestinian)<sup>5</sup> 500 to £P1,000.<sup>6</sup>

<sup>1</sup> *The Survey for 1930*, p. 244.

<sup>2</sup> *Op. cit.*, pp. 245 and 283.

<sup>3</sup> These categories are set out in *Report 1932*, p. 25.

<sup>4</sup> *Report 1933*, p. 16. In 1934 the total Jewish immigration into Palestine from Germany was 9,429, of whom 6,941 were German citizens (*Jewish Agency Memorandum, 1934*, pp. 5-6. For further details see *op. cit.*, pp. 21-2).

<sup>5</sup> The Palestinian Pound was equal to, and based upon, the Pound Sterling.

<sup>6</sup> *Report 1930*, p. 37. The number of persons registered as immigrants in this A1 category was 5,193 in 1934 and 3,267 in 1933 as compared with 754 in 1932 and 269 in 1931 (*Report 1932*, p. 25; *Report 1933*, pp. 34 and 40; *Report 1934*, p. 39). It is significant that almost all the immigrants in the A1 category were Jews (233 out of 269 in 1931; 727 out of 754 in 1932; 3,250 out of 3,267 in 1933; 5,124 out of 5,193 in 1934). After the outbreak of the National Socialist Revolution in Germany and the consequent exodus of German Jews, the German Government and the Mandatory Power for Palestine appear to have co-operated, in regard to intending German Jewish migrants of the A1 category

The foregoing figures, however, do not tell the whole story; for the volume of authorized immigration was exceeded by the volume of actual immigration owing to the growth of a practice of unauthorized settlement, outside the limits of the immigration quota, on the part of persons who had entered the country either in the guise of travellers or else by evading the control of the Palestinian authorities altogether.<sup>1</sup> In 1931, 'steps were taken to regularize the position of a large number of persons in Palestine who, having with or without permission originally entered as travellers, had succeeded in establishing themselves on a reasonably sound economic basis in the country and were completely absorbed into its economic life. This action was considered to be desirable on general grounds, and also in view of the possibility that the persons concerned would otherwise be deterred from registering at the Census by fear of prosecution for the offence of illegal presence in the country. For this purpose an Order was made in the summer under the Immigration Ordinance, empowering the Chief Immigration Officer to register as immigrants of independent means persons possessing a capital of less than £P1,000. The Order applied only to persons already in the country on the date of its publication, and remained in force until the 31st December. The great majority of those who took advantage of it were Jews. Altogether 3,258 applications, affecting nearly 8,000 individuals, were made for

from Germany to Palestine, in order to reconcile the Palestine Government's requirements for the command of capital with the German Government's restrictions upon the export of it (Minutes of the Permanent Mandates Commission, Twenty-Third Session, p. 103; Twenty-Fifth Session, p. 27; *The Times*, 2nd September and 5th October, 1933). The Jewish Agency for Palestine estimated that, in 1934, the aggregate amount of capital brought into Palestine by Jewish immigrants of the A1 category from all countries was certainly well above £5,000,000 (*Jewish Agency Memorandum, 1934*, p. 7).

<sup>1</sup> On this matter, it was stated to the Permanent Mandates Commission on the 31st May, 1934, by the accredited representative of the Mandatory Power, that 'the illicit settlers mostly entered as travellers with a three months' permit. Once in the country, they concealed their identity and went into hiding. They were undoubtedly assisted in escaping detection by the connivance of Jews already established in the country. . . . The police were seriously hampered because a large proportion of the Jewish population sympathized with the illicit settlers and withheld information and assistance from the police.' (Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 26.) For the steps taken by the mandatory authorities to keep a control over travellers while they were in the country see *Report 1934*, pp. 8 and 43. For the smuggling of immigrants into Palestine, and the preventive measures that were adopted by the mandatory authorities, see *Report 1934*, pp. 8-9 and 44. The attention of the Arab Executive was drawn to these measures by the High Commissioner in a statement made, at an interview, in reply to a memorandum, submitted by them in the autumn of 1934, on their views as to the dangers arising out of Jewish immigration and sale of lands. (*Report 1934*, pp. 10-11.)

registration and granted.<sup>1</sup> Again, in 1932, in addition to the 6,730 authorized immigrants, '4,599 persons who had entered Palestine during this year and previous years as travellers or without permission and had succeeded in establishing themselves as settlers, were registered as immigrants. Of these, 3,730 were Jews, 719 Christians, and 109 Moslems. Among these were 2,826 Jews and 224 non-Jews who were granted registration under the special rule applied in 1931.'<sup>2</sup> In 1933, likewise, '2,876 persons who had entered Palestine as travellers or without permission were registered as immigrants, comprising 2,465 Jews, 344 Christians, 63 Moslems and four others. They included 935 Jews and 15 others registered under the special regulation made in 1931.'<sup>3</sup> It was estimated that, in the two years 1932 and 1933 alone, the number of unauthorized immigrants who had succeeded in establishing themselves in Palestine in defiance of the authorities was 22,400;<sup>4</sup> and in the second of these years, in which the number of persons registered as immigrants on arrival was 29,101, 'forty-three thousand eight hundred and ninety-one individuals were' actually 'added to the population of Palestine by migration'.<sup>5</sup>

This evasion of the law was undesirable from the administrative and dangerous from the political standpoint. The administrative objections were described by the Mandatory Power, in its report for the year 1933, as follows:

This unauthorized settlement upsets the calculation of the absorptive capacity of the country upon the basis of which the High Commissioner determines the half-yearly labour schedule;<sup>6</sup> it is not selective, so that there is no guarantee that the type of immigrants whom the country needs is entering; and it constitutes an infringement of the law which the Palestine Government is determined in future to prevent.<sup>7</sup>

In the political sphere, the recrudescence of disorders in the autumn of 1933 is perhaps partly to be explained by the fact that

exaggerated reports concerning illicit immigration found their way into the Arab Press; and unguarded statements by representative

<sup>1</sup> *Report 1931*, p. 21.

<sup>2</sup> *Report 1932*, p. 26.

<sup>3</sup> *Report 1933*, p. 34.

<sup>4</sup> *Report 1933*, p. 15.

<sup>5</sup> *Report 1933*, p. 34. From *Report 1934*, p. 34, footnote, as well as from the table on p. 38 of *Report 1933*, it would appear that the true figure was not 43,892 but 41,891.

<sup>6</sup> On the Jewish side, it was retorted that, in the calculation of these half-yearly labour schedules, the needs of the Palestinian labour market had been persistently underestimated, with the result that Palestine had been condemned to suffer from a perpetual shortage of labour supply—a handicap which was especially grievous in the 'boom' period which began in 1930. In 1934, the mandatory authorities met this criticism by taking steps to establish a Statistical Bureau of the Palestine Government (*Report 1934*, p. 45).

<sup>7</sup> *Report 1933*, p. 36.

Zionists, to say nothing of irresponsible prophecies of individual Jews in newspapers and on the platform, did little to dissipate these reports.<sup>1</sup>

By the year 1933, this infiltration of illicit immigrants into Palestine was causing the mandatory authorities much concern. In February 1933, the High Commissioner made a public statement<sup>2</sup> on the subject; and in November 1933 a number of measures<sup>3</sup> for dealing with the situation were put into operation. In the same month, the High Commissioner was waited upon by a deputation of Arab mayors who came to protest against the volume of illicit immigration, and a few days later (on the 21st November, 1933) by a Jewish deputation which came to plead for a wholesale regularization of the status of illicit Jewish immigrants on the ground that the town of Tel Aviv and the citrus-growing district in the Plain of Sharon were both suffering from a shortage of labour. Further Jewish protests were evoked by the Palestine Government's decision to issue no more than 5,600 permits under the Labour Schedule for the half-year April to September, 1934. This was made the occasion for a half-day strike of Jews throughout Palestine on the 23rd May, 1934—a demonstration which was accompanied by rioting at Tel Aviv. On the 28th June, 1934, a deputation, on the subject of the Labour Schedule, from the Board of Deputies of British Jews was received in Downing

<sup>1</sup> *Report 1933*, p. 35. On the Jewish side it was pointed out that the illicit immigration was not exclusively Jewish, and it was estimated that the number of Arabs who had illicitly entered Palestine in search of work, and had then remained in the country, during the two or three years ending in June 1935, amounted to not much less than 25,000. In the nature of the case, any general estimate was highly conjectural. In detail, however, it was ascertained by the Jewish Agency, as the result of an unofficial census conducted at Petach-Tikwah in February 1935, that, while 988 Jews were employed in the Jewish-owned groves of that Jewish agricultural colony, no fewer than 3,220 Arabs were employed in the same groves, and that of these as many as 1,470 were Hawrānīs or Transjordanians. In and around Haifa Harbour, again, the number of non-Palestinian Arabs in employment was counted on three successive days in February 1935, and the figure was 1,654 on the 25th, 1,854 on the 26th and 1,892 on the 27th of that month (*Jewish Agency Memorandum, 1934*, p. 15; cf. p. 8). Of course it did not follow that all these non-Palestinian Arab workers in Palestine had entered the country illicitly. The Palestine Government recorded, however, in their Report for the year 1934, p. 9, that illicit immigration was not confined to Jews and that there had been many Hawrānīs among the illegal immigrants. The fact that there was this Arab immigration—authorized or illicit—into Palestine during these years would seem to bear out the Jewish contention that the immigration of Jews into Palestine, together with the other steps that were being taken towards the establishment of a Jewish National Home, was actually increasing, instead of diminishing, the openings in Palestine for the employment of Arabs.

<sup>2</sup> Extract in *Report 1933*, p. 15.

<sup>3</sup> Summaries in *Report 1933*, pp. 36–7. See also the passages in *Report 1934* that have been cited on p. 254, above, in footnote 1.

Street by the Secretary of State for the Colonies. Thereafter, on the 30th October, 1934, Sir Philip Cunliffe-Lister announced that during the summer the High Commissioner for Palestine had issued 1,200 additional permits under the Labour Schedule for the half-year that had expired at the end of the previous month; and on the 15th November, 1934, the Palestine Government announced an allotment of 7,500 labour immigration certificates for the half-year ending the 31st March, 1935.<sup>1</sup> In the year 1934 the volume of illicit immigration appears to have been greatly reduced.<sup>2</sup> The figures of authorized immigration in this year were 38,244 Jews and 39,027 immigrants in all, as has been recorded in the table on page 253 above; there were 4,866 persons (4,114 Jews and 752 non-Jews) who entered the country during the year as travellers and were subsequently registered as immigrants;<sup>3</sup> the number of persons deported during the year for immigration offences was 2,407, of whom 772 were Jews and 1,635 non-Jews;<sup>4</sup> the net increase of population due to recorded migration was 47,807.<sup>5</sup> The difference between this last figure and the total authorized immigration of 39,027 persons for the year is mainly accounted for by the fact that the number of travellers who entered Palestine during the year exceeded the number of travellers leaving by 9,593.<sup>6</sup> Of the truants, 4,747 were Jews and 4,846 non-Jews.<sup>7</sup> The 4,747 truant Jewish travellers in 1934 represented 18 per cent. of the total number of Jews who had entered Palestine as travellers during the year, whereas the corresponding figures for 1933 had been 10,376 and 40 per cent.

On the 19th December, 1934, the Chairman of the Executive of the Jewish Agency in Palestine, Dr. Ruppin, announced<sup>8</sup> that no

<sup>1</sup> In making this allotment, the Government stated that they had estimated the absorptive capacity of the country at 9,700 for the forthcoming schedule period, but that 2,200 was being deducted from this figure as a set-off against past and anticipated illicit immigration.

<sup>2</sup> Statement made on the 1st December, 1934, at Jerusalem by the High Commissioner to an Arab deputation. At about this time, the High Commissioner estimated that the number of unauthorized immigrants had been brought down to a figure of not more than 100 per mensem (*Report 1934*, p. 11).

<sup>3</sup> *Report 1934*, p. 35.

<sup>4</sup> *Op. cit.*, p. 44.

<sup>5</sup> *Op. cit.*, p. 34.

<sup>6</sup> *Op. cit.*, pp. 35 and 43. The figure 9,593 is, of course, greater than the difference between 39,027 and 47,807. This apparent discrepancy is accounted for by the fact that the latter figure takes account of the movement of residents as well as immigrants and travellers, and in 1934 the number of residents leaving Palestine was slightly greater than the number of those returning.

<sup>7</sup> Of these 4,846 non-Jews, 1,231 were Muslims and 3,615 Christians (as against an authorized immigration of only 1,494 Christians for this year 1934 (*Report 1934*, p. 37)).

<sup>8</sup> *The Times*, 20th December, 1934, corrected by the original text of this passage in Dr. Ruppin's speech.

less than 15,042 German Jews had settled in Palestine during the preceding twenty-two months, ending on the 1st November, 1934, and he estimated that the capital which they had brought into the country amounted to about £P10,000,000.

In regard to the immigrants of the A1 class, who were required to have at their command not less than £P1,000 of capital, the Mandatory Power made the following observations in its report for the year 1932:

Some of these were men whose means considerably exceeded the minimum. In many cases the whole of the immigrant's capital was not transferred to Palestine. In others the qualifying capital included long term loans placed at the disposal of the immigrants. With reference to a question put at the twenty-second session of the Permanent Mandates Commission, it is not possible to state even approximately the total amount brought to Palestine by these immigrants nor the extent to which the qualifying capital was not the property of the immigrants. In some cases it may be that the qualifying capital was borrowed for the occasion. Judging, however, from the sums invested in house-building<sup>1</sup> and plantations and also lying idle at the banks awaiting opportunity of investment,<sup>2</sup> the amount of money brought to Palestine by immigrants and that invested here by persons resident abroad who have not yet settled in the country is relatively considerable. A large part of the activities of the population, at any rate of the Jewish section of it, may be said to be financed by this foreign capital.<sup>3</sup>

It was, indeed, estimated that 60 per cent. of the new industrial concerns that were established in Palestine in the year 1934 were set up by Jewish immigrants from Germany through a capital investment of nearly £P200,000.<sup>4</sup> The total annual amount of Jewish capital invested in Palestine was estimated to have been £3,250,000 in 1932, £5,250,000 in 1933,<sup>5</sup> and about £10,000,000 in 1934;<sup>6</sup> and

<sup>1</sup> The aggregate amount invested in building of all kinds was £P5,600,732 in 1933 and £P6,000,000 in 1934 according to *Report 1934*, p. 198.—A.J.T.

<sup>2</sup> Deposits at the banks were estimated at £P12,000,000 at the end of 1933 and £P15,000,000 at the end of 1934 according to *Report 1934*, p. 196.—A.J.T.

<sup>3</sup> *Report 1932*, p. 25. The aggregate amount of capital brought into Palestine by the 5,124 Jewish immigrants of the A1 category in 1934 was estimated to have been well above £5,000,000 (*Jewish Agency Memorandum, 1934*, p. 7).

<sup>4</sup> *The Manchester Guardian*, 4th January, 1935. It would, however, give a misleading idea of the character of the German immigration into Palestine after the National-Socialist Revolution in Germany if attention were directed exclusively to the capitalist element in it. This stream of German Jewish immigration largely consisted of young men and women who took to agricultural and industrial work. In Palestine, the former Jewish intellectual proletariat of Germany was being transformed into a body of simple productive workers.

<sup>5</sup> *The Times*, 13th June, 1933.

<sup>6</sup> *Jewish Agency Memorandum, 1934*, pp. 46-7.

133 new factories were reported to have been erected in the second half of the latter year.<sup>1</sup> In 1934, '227 new companies were registered' in Palestine 'with a capital of £P2,180,000, compared with 89 and a registered capital of £P540,000 in 1933; and 35 companies increased their capital from £P1,737,000 to £P4,141,000 as compared with the year 1933, during which 15 increased their capital from £P87,000 to £P180,000. . . . This year, again, . . . witnessed a marked industrial development—the local production of goods increasing by nearly 10 per cent. to £P6,500,000.'<sup>2</sup> The building and electrical and clothing and toilet industries were among those in which the increase of activity was particularly conspicuous.<sup>3</sup>

This activity in the development of urban manufactures was surpassed by the expansion of the agricultural industry of citrus-farming in the Plain of Sharon. It was only since the War of 1914-18 that citrus-farming in Palestine had begun to assume really large dimensions; and the first year in which oranges were exported from Haifa on a large scale was 1930.<sup>4</sup> The following figures were given by the Palestine Government Director of Development, Mr. L. French, in his supplementary report dated the 20th April, 1932.

Various estimates have been framed of the areas under citrus, and a special official survey of the groves is, I understand, being undertaken. The figures usually quoted of the existing plantations are about 130,000 dönüms,<sup>5</sup> of which approximately 40,000 are said to be in bearing. The estimates assume, roughly, a general average of 80 to 85 exportable cases per dönüm; and the actual exports during the season just closed have aggregated about 3,500,000 cases. It would appear on this basis that in 1936-7 the total will be at least 11,000,000. In an article recently published in a Jewish paper, the writer arrived at a similar conclusion by a different method. He estimates the present Jewish citrus groves in bearing as covering 10,500 dönüms, with an exportable output this year of 1,400,000 cases. New Jewish plantings in the years 1926 to 1931

<sup>1</sup> *The Manchester Guardian*, 8th March, 1934.

<sup>2</sup> *Report 1934*, pp. 14-15. This passage appears to show some discrepancy with a later passage on p. 196 of the same report, where it is stated that 'about 170 companies with a total capital of about £P1,700,000 were registered, and 30 companies with a total registered capital of about £P340,000 increased their capital to nearly £P1,200,000'.

<sup>3</sup> The Palestine Electric Corporation, Ltd., sold 11,590,000 KWH units in 1932, 20,137,500 in 1933, and 34,386,000 in 1934 (*Jewish Agency Memorandum 1934*, p. 26). According to *Jewish Agency Memorandum, 1934*, p. 21, electrical and chemical works together accounted for no less than £2,368,000 out of a total investment of £5,266,000 in industry in Palestine as at August 1933.

<sup>4</sup> *Report 1930*, p. 172. Oranges had, of course, been exported from Jaffa on a considerable scale since an earlier date, as the trade name 'Jaffa oranges' testified.

<sup>5</sup> According to *Report 1933*, the total citrus-planted area amounted to 140,000 dönüms in 1932 and 175,000 in 1933 (p. 222).—A.J.T.



inclusive are given as 54,000 dönüms,<sup>1</sup> which in 1936-7 will yield over 5,500,000 cases (at over 100 cases per dönüm).<sup>2</sup> The writer assumes that the Arab citrus crop in the last-named year will be about the same as that of the Jews: so that the total number of cases to be marketed abroad five years hence will reach at least 11,000,000 cases. Even allowing a deduction for calamities, the produce in 1936-7 should be about, or possibly more than, three times the number of cases being exported in 1931-2.<sup>3</sup>

These large and rapid increases in population and in production, both manufacturing and agricultural, were reflected in a corresponding increase in the circulation of goods and persons, particularly through the development of motor-transport on the roads.

Another reflection of the 'boom' was to be found in the rise in the public revenue. The surplus balance in the public accounts, which stood at £P773,070 on the 31st December, 1929, at £P626,111 on the 31st December, 1930, at £P585,139 on the 31st December, 1931, and at £P730,772 on the 31st March, 1932, rose to £P1,230,296 on the 31st March, 1933, and stood at £P2,510,932 on the 31st March, 1934,<sup>4</sup> and at £P4,750,000 on the 31st March, 1935.

This flourishing state of Palestinian public finance gave the Mandatory Power its opportunity of putting into effect a development policy which it had initiated under the influence of the catastrophe of 1929, and for which it had already carried out the necessary studies.

In a despatch of the 26th June, 1931,<sup>5</sup> to the High Commissioner in Palestine, the United Kingdom Secretary of State for the Colonies had announced a decision to appoint a Director of Development in Palestine, and had assigned this officer a number of tasks. He was to prepare a register of, and draw up a scheme of re-settlement for, 'such Arabs as' could 'be shown to have been displaced from the land which they occupied in consequence of the land's falling into

<sup>1</sup> According to *Report 1934*, 'the increase' in that year 'in the area planted with citrus trees was approximately 50,000 dönüms as compared with 44,000 dönüms in 1933' (p. 115). On p. 198 of the same report, however, the area planted with citrus trees in 1934 is stated to have been 30,000 dönüms. According to the *Jewish Agency Memorandum, 1934*, p. 14, between 20,000 and 25,000 dönüms were planted in 1934 in the Jewish villages.—A.J.T.

<sup>2</sup> About 5,250,000 cases of oranges and 350,000 cases of grape fruit were exported in 1934 (*Report 1934*, p. 198). According to the *Jewish Agency Memorandum, 1934*, p. 14, 'citrus exports for the season 1934-5 totalled approximately 7,000,000 cases, valued at between £2,500,000 and £3,000,000'.—A.J.T.

<sup>3</sup> L. French: *Reports on Agricultural Development and Land Settlement in Palestine* (London, 1931, Crown Agents), p. 83.

<sup>4</sup> *Report 1934*, p. 14.

<sup>5</sup> Text in *Report 1931*, pp. 3-6, and in French, *op. cit.*, pp. 31-3.

Jewish hands, and who 'had 'not obtained other holdings on which they' could 'establish themselves, or other equally satisfactory occupation'. He was also to 'investigate the methods to be adopted in order to give effect to the policy of land settlement set forth in Mr. MacDonald's letter of the 13th February, 1931, to Dr. Weizmann.'<sup>1</sup> In particular, he was to investigate 'the feasibility and advisability of providing credits for Arab cultivators and Jewish settlers, and if so, the best method of achieving this purpose'; and 'proposals for draining, irrigating, and otherwise reclaiming land not at present cultivated or cultivated only to a limited extent'. The official appointed to this Directorship of Development in Palestine was Mr. L. French, who had formerly been Chief Secretary to the Panjab Government. The Director entered upon his duties in August 1931 and duly presented an interim report on the 23rd December, 1931, and a supplementary report on the 20th April, 1932.<sup>2</sup> These valuable expert studies were submitted by the High Commissioner in Palestine to the Arab Executive and to the Jewish Agency; but, for different reasons, they were displeasing to both parties; and, for the time being, the financial position both of Palestine and of the United Kingdom made it difficult to find the ways and means for putting Mr. French's recommendations into effect. The financial prosperity, however, which overtook the Palestine Government in the course of the year 1933, led the Mandatory Power to announce, in the House of Commons at Westminster, on the 14th July, 1933, its intention of giving the guarantee of the United Kingdom Government to a Palestine Government Development Loan of £2,000,000;<sup>3</sup> and simultaneously Mr. French's reports were published in Palestine. On the 11th May, 1934, the House of Commons at Westminster, in committee, duly passed a resolution authorizing the Treasury in Whitehall to guarantee

<sup>1</sup> For the occasion and the contents of this letter, see the *Survey for 1930*, pp. 301-4.

<sup>2</sup> Both documents, with their respective appendices, are printed in the Palestine Government official publication already cited under Mr. French's name.

<sup>3</sup> On the 17th November, 1930, when the moral effect of the catastrophe of 1929 was still fresh and potent, the British Government had announced their intention of promoting a Palestine development loan of £2,500,000 and had proposed not only to give a British Government guarantee for the principal, but also, during the first years, to pay the interest and sinking fund out of United Kingdom revenues (see the *Survey for 1930*, p. 300). Three years later, when the finances of Palestine were more prosperous and the feelings of His Majesty's Government were less contrite, the Government of the United Kingdom decided to limit their good offices to the giving of the guarantee, and to leave the whole charge to be borne by the Palestine Government in the first instance.

the principal and interest of a loan not exceeding £2,000,000 to be raised by the Government of Palestine for the following purposes:

	£
1. Re-settlement of displaced Arabs . . . . .	250,000
2. Water supply and drainage schemes for Jerusalem and Haifa; water supply for Hebron and various villages; survey of water resources . . . . .	933,000
3. Agricultural credits . . . . .	200,000
4. Construction of oil-berth, and reclamation scheme at Haifa . . . . .	210,000
5. Public buildings, including Jerusalem Post Office and various educational buildings and purposes incidental to, or connected with, any of the purposes mentioned in this Schedule, including the raising of the loan . . . . .	407,000
	<hr/> £2,000,000 <sup>1</sup> <hr/>

On the 18th December, 1934, it was announced that the Jewish Agency for Palestine, for their part, had negotiated, with Lloyd's Bank and with the Anglo-Palestine Bank, a loan of £500,000 at 4 per cent. for paying off outstanding debts and for the final consolidation of the Jewish settlements in Palestine.<sup>2</sup>

In the Mandatory Power's report for the year 1933, the economic condition of Palestine at this time was described in the following terms:

If evidence is wanted of the continued economic prosperity of Palestine it may be found in surplus balances which, it is estimated, will amount to almost two and a half million pounds at the 31st March, 1934.<sup>3</sup> Generally speaking, the favourable situation may be ascribed

<sup>1</sup> British Parliamentary Paper *Cmd.* 4576 of 1934, p. 3. For a criticism of this policy of borrowing money at perhaps not less than 3½ per cent., at a time when the Palestine Government had in hand a surplus balance, of more than the amount required, which was presumably on deposit at not more than ½ per cent., see a letter of the 17th February, 1934, from Mr. Harry Sacher in *The Manchester Guardian* of the 20th February, 1934. For an answer to this criticism, see the Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 40, where it is stated that, at the time, the average yield on the Palestine Government's investments was 3.49 per cent. At the 31st March, 1934, the Palestine Government held investments which were valued at £1,725,203, not including certain investments which were earmarked for special purposes. (*Report 1934*, p. 171.)

<sup>2</sup> This loan was primarily a conversion operation. The existing indebtedness of the Jewish Agency, which amounted to a sum not far short of the amount of the loan, was largely short-term in character, and carried a high rate of interest. The effect of the conversion to a long-term and lower interest basis was to render available a certain proportion of the funds for settlement purposes. (See *Report 1934*, p. 32.)

<sup>3</sup> This estimate was actually exceeded; see the figure quoted on p. 260, above.—A.J.T.

to the arrival of capitalist settlers, and other immigrants whose needs in food, clothing and accommodation must be supplied; to a consequential increase in the import of foreign commodities and consumption of local produce; to trade facilities resulting from availability of cheap credit in the shape of unemployed capital lying in the banks; to the incessant extension of agriculture; and to sustained activity in the building trades. Cereal importations, including rice, were swollen also by the failure of the local harvests. There is no question that Palestine at present offers an attractive market for investment, not necessarily exclusively Jewish; and there are signs of the awakening of a livelier interest on the part of British and Continental investors and exporters. This interest is strengthened by the opening of the new harbour at Haifa, and by the completion of the pipe-line from Mosul to Haifa.<sup>1</sup> Transactions in land during the year were principally in respect of building sites and orange-groves; and the intensity of demand has brought about a measure of speculation which is disquieting.<sup>2</sup>

The foregoing quotation may be followed up by one from the Mandatory Power's report for the year 1934:

A striking testimony to the confidence which the present economic conditions of Palestine and prospects of the country's financial stability inspire in authoritative circles is provided by the success attending the issue of new share capital by Palestine companies and the making of loans to institutions. . . . These loans are for long terms, indicating a sense of security in the financial future of Palestine, and at exceptionally low rates of interest, which reflect the high value placed upon the credit of the country.<sup>3</sup>

The economic harvest portrayed in this picture is luxuriant; yet it manifestly contains some tares besides its imposing crop of wheat; and it is necessary to appreciate the weak and precarious as well as the strong and enduring features in this Palestinian 'boom', which coincided so strangely with the world economic depression, in order to estimate the prospects of Palestine in 1935.

In the twentieth century of the Christian Era, as in earlier ages of her history, the economic fortunes of Palestine were apparently being made—and her political fortunes possibly being marred—by her geographical situation. 'It is clear', wrote the Superintendent of the Census of 1931, 'that Palestine is still pursuing its ancient tradition by which it was regarded as a meeting-place of migrations east to west and west to east, and as an *entrepôt* for material. The development of the trans-desert projects connected with the delivery of oil from 'Irāq to the Mediterranean is likely to give greater impetus to these movements.'<sup>4</sup> The collision between Jewish colonists who were

<sup>1</sup> For the construction of this pipe-line from the 'Irāq Petroleum Company's oil fields, see p. 192, above.—A.J.T.

<sup>2</sup> *Report 1933*, p. 19.

<sup>3</sup> *Report 1934*, p. 15.

<sup>4</sup> *Mills, op. cit.*, vol. i, pp. 59-60.

flowing into Palestine from Europe across the sea and Arab occupants of the country whose ancestors had silted in from the desert was reminiscent of earlier collisions between Philistines and Hebrews<sup>1</sup> and between Crusaders and Saracens. And the position which Palestine was acquiring as an *entrepôt* in a latter-day Westernized World was similarly reminiscent of the position which she had occupied from the third millennium B.C. down to the thirteenth century of the Christian Era.

In that earlier age, Palestine had lain on the line of communication between one great centre of population and productivity in Egypt and a comparable centre in 'Irāq with its expanding Iranian and Anatolian hinterlands. In those circumstances, Palestine had profited economically from the flow of trade between the basins of the Nile and the Tigris-Euphrates; and, although she had suffered politically from the passage of Egyptian and Assyrian armies, she fell upon her most evil days—at any rate on the economic side of her life—after the virtual obliteration of 'Irāq in the thirteenth century owing to the devastating effects of a Mongol invasion. Thereafter, the flow of world-trade shifted from the Levant to the Atlantic; and even when the waters began to return to their old channel at the close of the eighteenth century owing to the search for a short cut between Europe and India, Palestine did not immediately benefit by the change; for, throughout the nineteenth century, the sea retained its primacy as the medium of transportation, and the sea-borne traffic between Europe and India was inevitably focussed upon Egypt, first across the Isthmus of Suez and then through the Canal. It was not till after the close of the General War of 1914–18 that Palestine was favoured by the conjunction of circumstances required to restore her to her historic position as an *entrepôt*. The first of these new factors was the commercial development of flying and trans-desert motor-traffic as practical alternatives to transportation by steamship—a development which tended to shift the alignment of trade-routes from the sea to the land.<sup>2</sup> The second factor was the re-emergence of

<sup>1</sup> In a previous volume (the *Survey for 1930*, p. 234, footnote 3) it has been pointed out that the Plain of Sharon, which was the stronghold of the Jewish colonists in Palestine in the twentieth century, had once been the stronghold of their predecessors the Philistines, while 'the Hill Country of Ephraim', which in the twentieth century was the stronghold of the Palestinian Arabs, had once been the stronghold of these Arabs' predecessors the Hebrews.

<sup>2</sup> Hitherto, of course, the principal modern means of overland communication had been the railway; and Palestine was already traversed by lines which connected Egypt with Europe via Syria and Turkey (see A. J. Toynbee: *A Study of History*, vol. ii (London, 1934, Milford), p. 51, footnote 2), while there was a long-standing proposal for the construction of a trans-desert line from

'Irāq, under British tutelage, from her seven-hundred-years-long economic and social eclipse. The third factor was the economic rehabilitation of Palestine herself through an inflow of Jewish enterprise under a British aegis.

The effective opening-up, for the first time in history, of the direct trans-desert route between 'Irāq and the Mediterranean coast of Syria was one of the most important developments in world-communications in the post-war age;<sup>1</sup> and while considerations of distance told in favour of the port of Tarabulus (Tripoli), in the French mandated territory of the Lebanon, as against the port of Haifa, in the British mandated territory of Palestine, the scales were in fact inclined to Haifa's advantage by the economic impetus of the Zionist Movement and by the link maintained between Palestine and 'Irāq through their common British connexion. The new harbour at Haifa—the third largest harbour in the Eastern Mediterranean—was formally opened on the 31st October, 1933.<sup>2</sup> The construction of an oil-berth there, together with the execution of a reclamation scheme, was one of the four purposes of the Palestine Development Loan of 1934.<sup>3</sup> The Haifa branch of the 'Irāq Petroleum Company's pipe-line from the Kirkūk oil-field to the Mediterranean coast was formally opened on the 22nd January, 1935.<sup>4</sup> If and when oil was struck in the 'Irāqī territory west of the Tigris by the British Oil Development Company which had obtained the concession for this area on the 20th April, 1932,<sup>5</sup> it was probable that Haifa would become the maritime terminal of another pipe-line from 'Irāq. And it was still more significant that on the 18th October, 1933, a convention<sup>6</sup> was signed at Jerusalem regulating the conveyance of mineral oils through the territory of Palestine by the Anglo-Persian Oil Company. In fact, Palestine seemed destined to become the *entrepôt*

Haifa to some point in 'Irāq. It was possible, however, that in Palestine itself, as well as in its eastern hinterland, the future lay with the motor-car rather than with the locomotive.

<sup>1</sup> See the *Survey for 1925*, Vol. i, p. 329, and the present volume, pp. 186-7, above.

<sup>2</sup> The total steam tonnage entered and cleared at all Palestinian ports amounted to the following figures in the four years 1931-4, according to the Palestine Government's annual reports:

<i>Year</i>	<i>Tons</i>
1931	3,624,000
1932	3,982,000
1933	6,365,000
1934	8,442,000

<sup>3</sup> See p. 262, above.

<sup>4</sup> See p. 192, above.

<sup>5</sup> See p. 193, above.

<sup>6</sup> Text in *Report 1933*, pp. 301-11.

for the vast new oil-extracting industry, of world-wide importance, which was promising—or threatening—to transform the face of material life throughout the Middle East.<sup>1</sup>

Nor were the prospects of Palestine as an *entrepôt* confined to the trade between Europe and the Middle East. The Anglo-Persian Oil Company was moved to contemplate incurring the expense of constructing a long pipe-line to a Palestinian port on the Mediterranean, in addition to the short pipe-lines already in operation from the Khūzistān oil-field to the port of Ābādān on the Shattu'l-'Arab, because this would enable it to eliminate the time and cost exacted by the circumnavigation of Arabia; and this advantage of short-circuiting Arabia as well as Africa had already made Palestine a station on an air-route, competing with the Suez Canal sea-route, between Europe and Indonesia.<sup>2</sup> This air-route seemed destined to be prolonged in the near future from India north-eastward to China and Japan and from Indonesia south-eastward to Australia; and this probability revealed the possible destiny of Palestine<sup>3</sup> as an *entrepôt* between two out of the three great focuses of population and activity in the Westernized World of the twentieth century: that is to say, Europe on the one hand and on the other hand the focus embracing India, Indonesia, the Far East and Australasia. On this showing, Palestine held a key-position in the twentieth-century world which was not incomparable to the position of Great Britain as the *entrepôt* between Europe and the Americas.

Here was a Palestinian asset of enduring value. At the same time, the contemporary spectacle of Great Britain, in the trough of the depression, bore witness that even the most favourable geographical position was not sufficient in itself to insure a local prosperity which would be proof against economic weaknesses at home and economic dislocations in the world at large; and, notwithstanding Palestine's

<sup>1</sup> For the development of the oil-extracting industry in Persia, 'Irāq and Bahrayn in the post-war period, see the *Survey for 1925*, Vol. i, pp. 529-31, and this part of the present volume, sections (ii) (c), (iv), and (v).

<sup>2</sup> In addition to the Imperial Airways Service, there was also a Dutch service plying along this route, with an aerodrome of its own in Palestine at Gaza (see *Report 1934*, p. 20).

<sup>3</sup> On a closer view, it might perhaps seem rather to reveal the destinies of the Syrian territories under French mandate; for, as air and motor traffic developed, while xenophobia in Turkey diminished, there would be a tendency to replace the semi-maritime route from Europe to the Far East via the Eastern Mediterranean and the Levant ports by an all-land route via the Bosphorus; and in that event an air and motor port at Aleppo might eclipse the maritime port of Haifa. But in 1935 this possibility seemed still rather remote, and in any event it would apply mainly to passenger traffic, and not at all to oil or other bulky goods.

promising prospects as an *entrepôt*, the weak points in the Palestinian 'boom' of 1933-5 were unmistakable.

The increase in the public revenue of the Palestine Government, which was one of the striking features of the 'boom', was mainly accounted for by an increase in the customs receipts, as the following figures show:

<i>Year.</i>	<i>Total Revenue.</i>	<i>Net Customs Revenue.</i>
	£P	£P
1930 . . . . .	2,389,546	991,638
1931 . . . . .	2,333,895	922,080
1932 (1st Jan.-31st March) .	657,289	257,107
1932-3 . . . . .	3,015,917	1,286,945
1933-4 . . . . .	3,985,493	1,868,598

This increase in customs receipts was due, in its turn, to a corresponding increase in imports which remained unbalanced by any equal increase of exports.

<i>Year.</i>	<i>Imports for Consumption.</i>	<i>Exports of Palestinian Produce.</i>
1930 . . . . .	6,985,258	1,896,095
1931 . . . . .	5,940,000	1,572,061
1932 . . . . .	7,768,920	2,381,491
1933 . . . . .	11,123,489	2,591,617
1934 . . . . .	15,200,000	3,250,000

It will be seen that the volume, and the rate of increase in the volume, of Palestine's excess of recorded imports over recorded exports during the five years under review were as extraordinary, by comparison with her total trade, as the volume, and the rate of increase in the volume, of immigration into Palestine was extraordinary by comparison with the total population of the country; and the two phenomena were not unrelated; for, apart from the excess attributable to the expenditure of pilgrims and tourists, the rising figure under this head was mainly accounted for by the expenditure of immigrants—particularly Jewish immigrants of the A1 category who had been entering Palestine from Germany since 1933.<sup>1</sup>

This expenditure appears largely to have been directed towards the purchase of consumption goods and buildings and land, and while the first two of these lines of expenditure contributed nothing directly

<sup>1</sup> See pp. 253, 257-8, above.



to exports,<sup>1</sup> the third was directly inimical to them in so far as land was now tending to fetch speculative prices which heightened one of the unescapable overhead charges upon all Palestinian production. The local production of the consumption goods that were now in increasing demand in Palestine, together with the local production of building materials, and the utilization of these in construction, appear, as was to be expected in the circumstances, to have accounted for most of the capital investment in Palestine during these years.<sup>2</sup> Another aspect of the same picture was the astonishing growth of the towns, which was, however, balanced by a proportionate contemporary increase in the population of the countryside. The census of 1931 showed that 39·9 per cent. of the settled population of Palestine was then residing in towns as against 60·1 per cent. who were villagers;<sup>3</sup> and about 50 per cent. of the total population enumerated in all municipal areas were found in the three towns of Jerusalem, Haifa and Jaffa. During the nine years' interval that separated the census of 1931 from that of 1922, the population of Jerusalem had increased by 44·6 per cent. from 62,578 to 90,503; that of Jaffa by 59·5 per cent. from 32,524 to 51,866; and that of Haifa by 104·6 per cent. from 24,634 to 50,403; but the most astonishing increase was that of Tel Aviv—a city which in 1931 was still just below the 50,000 mark. Within the same nine years, the population of Tel Aviv had risen by no less than 203·6 per cent. from 15,185 to 46,101;<sup>4</sup> and by the turn of the years 1934 and 1935 it was reported<sup>5</sup> to have passed the 100,000 mark, with a school-going population of 20,000 and a municipal budget of some £P300,000 a year.<sup>6</sup> This unparalleled

<sup>1</sup> Indirectly, of course, the new buildings—whether these consisted of dwelling-places for housing the additional population, or of factories for carrying on the new industries, or of farm buildings for conducting a more intensive cultivation of the land, might be expected to minister eventually to production, and so to contribute incidentally to exports. The question was whether the investment would begin to show a reasonable return within a reasonable period of time, and at the moment of going to press, in September 1935, it was still far too early to attempt to give the answer. It could only be said that building activity was normally regarded as one of the symptoms of economic health.

<sup>2</sup> For details, see *Report 1933*, pp. 202 and 204.

<sup>3</sup> The corresponding figures shown in the census of 1922 were 39·36 per cent. in the towns and 60·64 per cent. in the villages (see Mills, *op. cit.*, vol. i, p. 56; vol. ii, p. 7). The slightness of the shift in the balance, in favour of the towns, by comparison with the extraordinarily large increase in the urban population itself, brings out the fact that, during the interval between the taking of the two censuses, the rural population also increased notably, even if it did not quite keep pace with the urban population.

<sup>4</sup> Mills, *op. cit.*, vol. ii, p. 16.

<sup>5</sup> *The Manchester Guardian*, 4th January, 1935.

<sup>6</sup> A correspondent of the writer of this *Survey*, in a letter addressed to him from Jerusalem and dated the 13th May, 1935, informed him that the budget

growth of Tel Aviv was significant inasmuch as it was an entirely Jewish city—a Jewish creation from first to last. It was, indeed, the Palestinian equivalent of New York, for it was estimated<sup>1</sup> that 50 per cent. of the Jewish immigrants into Palestine became residents in this single Jewish Palestinian town.<sup>2</sup> The portent of Tel Aviv drives home the truth that the 'urbanization' of Palestine, which was one of the concomitants of the increasing lack of balance between recorded exports and imports, was the product of Jewish energies. According to the census of 1931, only 15 per cent. of the Jewish community in Palestine was supported by agriculture,<sup>3</sup> as compared with 18 per cent. of the Christian community and as contrasted with 64 per cent. of the Muslim community; while, of the total agricultural population of Palestine, the Jews accounted at the time for 5 per cent., as compared with a Christian percentage of 3.5 per cent. and as contrasted with a Muslim percentage of 90 per cent.<sup>4</sup>

In drawing attention to the urban proclivities of the growing Jewish element in the population of Palestine, the historian must qualify this observation in two respects. In the first place, he must point out that the proportion of Palestinian Jews resident in agricultural colonies to Palestinian Jews resident in towns was perceptibly rising. According to the census of 1922, the urban Jewish population

which had been recently passed by the municipality of Tel Aviv exceeded the figure of £P400,000. For details of the municipal budget of Tel Aviv for the financial year 1934-5, see the *Jewish Agency Memorandum*, 1934, p. 24. The total was estimated at £305,000.

<sup>1</sup> *The Times*, 13th June, 1933.

<sup>2</sup> The Jewish community in Tel Aviv already had one advantage over the vastly larger and wealthier Jewish community in New York. In the American city the Jews were mainly engaged in the distributive trades; in the Palestinian city they were also the producers and the builders.

<sup>3</sup> The proportion of Jews gainfully employed in (as distinct from being supported by) agriculture to the total number of Jews gainfully employed in Palestine was higher: i.e. 18 per cent. instead of 15 (for this figure of 18 per cent. see Mills, *op. cit.*, vol. ii, pp. 282 *seqq.*, table XVI).

<sup>4</sup> Mills, *op. cit.*, vol. i, p. 284. According to the *Jewish Agency Memorandum*, 1934, the percentage of the Palestinian Jewish community which was engaged in agriculture had risen by 1934 to 21.2 (p. 4); about 25 per cent. of the community was living in the villages and about 75 per cent. in the towns (pp. 3-4); and about 66.6 per cent. of the community (i.e. about 200,000 souls) was concentrated in the four large towns Tel Aviv, Jerusalem, Haifa, and Jaffa (p. 22). At the time of writing of the Memorandum, the total number of Jewish settlements in Palestine was 160, on an area of 1,300,000 dönüms of agricultural land, and with a population of 70,000. Of this total, 40,000 were occupied in agricultural work (p. 10). The Jewish Agency complained (pp. 5 and 20) that the shortage of labour in Palestine, which they attributed (p. 7) to the Government's niggardliness in issuing certificates under the Labour Schedule, was having the undesirable effect of drawing the rural Jewish population into the towns through the attraction of inordinately high urban rates of remuneration

was 68,622 (82 per cent. of the whole Jewish community) and the rural 15,172 (18 per cent.); according to the census of 1931, the urban Jewish population was 128,467 (73 per cent.) and the rural 46,143 (27 per cent.). In the second place, it must be noted that the Jews were active in agricultural as well as in industrial production. They were the creators of the citrus-planting industry in the Plain of Sharon which was as extraordinary a growth as the town of Tel Aviv; and the exports of oranges and grape-fruit had now come to account for the major part of the country's 'visible' exports, such as they were.<sup>1</sup>

<i>Year.</i>	<i>Total value of Exports of Palestinian Produce.</i>	<i>Total value of Exports of Citrus- Fruit.</i>
	£P	£P
1930 . .	1,896,095	..
1931 . .	1,572,061	926,606
1932 . .	2,381,491	1,780,565
1933 . .	2,591,617	2,078,361
1934 . .	(nearly) 3,250,000	..

Meanwhile, the tendency displayed in Palestine's balance of trade raised two questions. First, was the difference in value between recorded exports and imports likely to diminish before the evil day, which was bound to come sooner or later, when the 'invisible exports', on which the country was now living, would fall off? And, second, was the volume of export of the one staple export-crop likely to maintain its current rate of increase?

The first of these two questions was raised by the Superintendent of the Census of 1931 in the following terms:

The fact that the present population will double itself within twenty years at the present rate of increase must naturally and properly lead to speculation as to its means of subsistence. . . . The effective question to which no effective answer can yet be returned is concerned, in Palestine, with the possibility of relating human intelligence to the material resources in such a way that increasing production of subsistence for the population can keep pace with the growth of the population itself. A population depends for its subsistence on what it can acquire by its own efforts applied to the natural resources of its own country, and by purchase from other countries. Its ability to purchase depends upon its ability to produce a surplus for sale from its own natural resources, and

<sup>1</sup> 'Oranges and grape-fruit are the only products of intensive farming in Palestine which can at present be profitably exported in any quantities.'—French, *op. cit.*, p. 69.

is also derived from invisible<sup>1</sup> import of value which, in Palestine, takes the form of liberal contributions to Christian charities and religious foundations; to Jewish enterprise, under the impulse engendered by the ideal of a Jewish National Home in Palestine; and to Jewish charitable and religious institutions. These contributions have naturally diminished during the economic disturbance affecting the World during the last two years. Nevertheless, Palestine, as a buying country, its imports being about eight times the value of its exports, by reason of the fact that world prices have fallen, has not yet experienced the economic discomforts shared by selling countries. But, when world conditions are restored, that is, when world prices are raised to a level of proper adjustment between supply and demand, the problem in Palestine will be to meet the demand for subsistence by proportionate increases in export trade, and in the Christian and Jewish invisible contributions of value upon which the whole population relies, perhaps unconsciously. Without these proportionate increases in imported invisible value and in internal production of special supplies surplus to the internal requirements of the country and so available for sale abroad, it is difficult to see how the rate of increase of subsistence for the population is to keep pace with the growth of that population. . . .

Undoubtedly, the annual increase of subsistence so far has been due to the policy of immigration. Immigration has not only stimulated local production and so enabled the sale of Palestine produce abroad, but has introduced invisible import of value into the country and so raised the capacity to purchase its requirements where these are not satisfied by internal production. It is, however, important that there should be at least a proportionate increase in exports and in invisible contributions of value when world conditions have improved; and that energies should be directed towards the full utilization of all the natural resources of the country. . . . If Christian and Jewish contributions, constituting invisible import of value, were suddenly to cease, it is certain that a proportion of the population would in a short time be forced to live on the starvation line<sup>2</sup> until the general standard of life of

<sup>1</sup> The word 'invisible', as applied in this passage to imports into Palestine which were made from religious or charitable motives, is obscure, for on the material side these imports—being 'of value'—presumably consisted of goods or money like any others. The distinctive mark of this category of imports was not the nature of the commodities but the motive of those who introduced them. Perhaps the term 'invisible' is to be interpreted here as meaning 'gratuitous' or 'non-economic'. In the technical terminology of the economists 'invisible imports into Palestine' ought to mean the expenditure abroad of Palestinian tourists visiting foreign countries, or services (shipping, banking, insurance, &c.) which had been rendered abroad to Palestinian nationals. But it is manifest that these are not the 'invisible imports' that the writer of the passage has in mind.—A.J.T.

<sup>2</sup> This thesis was contested on the Jewish side. It was pointed out that the major part of the free gifts from non-Palestinian Jewry for Jewish purposes in Palestine consisted of money provided by or through the Jewish Agency, and that the total income of the Jewish Agency, including all its affiliated institutions, amounted in the year ended the 30th September, 1934 to £650,000 (*Jewish Agency Memorandum, 1934*, p. 49, Table XVIII), while at the end of that calendar year the Jewish population in Palestine amounted to about

all the population had been lowered in adaptation to the conditions created by a sudden reduction in purchasing capacity.<sup>1</sup>

On the question of the future of the citrus-fruit exporting industry, the following observations were offered by the Director of Development:

There is no sign of cessation in citrus planting; quite the reverse. Indeed, a prominent member of the Jewish community has expressed to me his opinion that even if 50,000,000 cases are produced, they can all be absorbed (in addition to the dozen million cases of 'rejects'). The onlooker aware of the march of events in other citrus-producing countries may well pause to wonder how all these enormous increases are to be disposed of, at home and abroad.<sup>2</sup>

The paths of modern agricultural history are strewn with the disasters that have, all the world over, attended too rapid or too extensive production of commodities which has ended in glutting foreign markets and ruining over-sanguine producers. The dangers to Palestine of a similar collapse in the citrus industry must be foreseen and guarded against with all the greater vigilance, inasmuch as there is no evidence that if the bottom falls out of the citrus-growing industry, it can be replaced by any other reasonably profitable product of agriculture.<sup>3</sup>

This warning was borne out by past experience in Palestine itself,<sup>4</sup> and it was the more serious in view of the Director of Development's opinion that, both for the closer settlement of Jews on the land in Palestine, and for the re-settlement of Arabs who had been displaced by Jewish colonization and had not succeeded in re-settling themselves on their own initiative, the only feasible opening—in view of the scarcity of available land in the dry-farming areas—was 'the

300,000 souls. It is evident that, even if the whole of the Jewish Agency's income had been applied to providing the Jewish population of Palestine with the bare means of material subsistence, it could only have covered a small fraction of the minimum sum required to keep 300,000 persons alive for twelve months. The inference is that the Jewish population of Palestine was already almost entirely self-supporting, and was therefore not in danger of suffering a catastrophe even if the free gifts from abroad did fall off.—A.J.T.

<sup>1</sup> Mills, *op. cit.*, vol. i, pp. 46-8.

<sup>2</sup> French, *op. cit.*, p. 84.

<sup>3</sup> *Op. cit.*, p. 69. For a threat to the important German market for Palestinian citrus-fruit, see *Report 1934*, pp. 16 and 20.

<sup>4</sup> E.g., in the pre-war period of Jewish agricultural colonization in Palestine, the bottom had fallen out of the market of the wine-producing industry which had been built up by Baron Edmond de Rothschild's 'Palestine Jewish Colonization Association'. (See A. Ruppin: *The Agricultural Colonization of the Zionist Organization in Palestine*, trans. from the German by R. J. Feiwei (London, 1926, Martin Hopkinson), Chapter I.) Again, since 1928, the Egyptian Government—wrestling with the problem created in Egypt by the collapse of the world-market for Egyptian cotton—had placed virtually prohibitive duties upon imports of Palestinian fruits and fruit-products, including not only citrus-fruits, grapes, and wine, but also olives, olive-oil, and olive-oil soap (*Report 1930*, p. 16; *Report 1933*, p. 21; French, *op. cit.*, p. 8).

development of small irrigated holdings on land adapted for citrus growing which' was, at the time, 'being cultivated extensively for cereals, &c.'<sup>1</sup>

No doubt, if only the maintenance and expansion of the world-market for Palestinian citrus-fruits could be assured, there was a fair prospect that the Palestinian Arab peasantry would prove capable of achieving that revolution in its way of life which was involved in a transition from an extensive subsistence farming to an intensive agricultural production for export. Testimony to this effect was borne by the Mandatory Power in its report on Palestine in the year 1931:

It is interesting to record the spread of modern methods of agriculture among the Arab rural community; the increasing frequency of application by fallāhīn to the Government Department for selected seeds and seedlings, for pedigree stock, and for advice generally in up-to-date husbandry is evidence that Arab conservatism in agriculture is being broken down by the realization of the benefits attending scientific farming.<sup>2</sup>

Indeed, the number of Arabs gainfully employed in the citrus-growing industry was actually larger than the number of Jews;<sup>3</sup> and this fact was a signal vindication of the Jewish contention that the establishment of the Jewish National Home in Palestine was bringing the Arab population of the country substantial benefits which ought to be set against the Arabs' grievances. At the same time, the economic outlook for Arab agriculturalists who went over from cereal farming to citrus-cultivation, whether on their own initiative and at their own charges or as the beneficiaries of a Government re-settlement scheme, was manifestly precarious; and this element of precariousness was the more serious inasmuch as the estimated cost of Government-managed re-settlement of landless Arabs as citrus-growers worked out<sup>4</sup> at the high figure of £800 for each Arab family

<sup>1</sup> French, *op. cit.*, p. 93; cf. pp. 8 and 64-5.

<sup>2</sup> *Report 1931*, p. 6. This opening of Palestinian Arab minds to an acceptance of Western technical progress was no doubt largely the result of personal contact with immigrant Jewish workers. In 1933 and 1934 there was reported to have been a marked tendency towards a closer co-operation between Arab and Jewish labourers.

<sup>3</sup> The following figures are given in Mills, *op. cit.*, vol. i, p. 290. 'A population of 51,476 persons is supported by the growing of special products. About one-quarter of these derive their livelihood from the cultivation of oranges, and the remainder from the cultivation of other fruits, vegetables, vines and the maintenance of nursery gardens. In orange cultivation there are 3,578 earners of whom 1,917 are Muslims, 1,493 are Jews and 165 are Christians, there being three other earners in the minor religious confessions. Of the 10,849 earners who are engaged in the growing of other special products, 6,802 are Muslims and 3,195 are Jews.'

<sup>4</sup> French, *op. cit.*, pp. 66-7.

unit. In 1931, the Director of Development estimated that out of 3,700 claims to qualify for benefit under the proposed scheme, between 1,000 and 2,000 would perhaps eventually pass muster;<sup>1</sup> and in the House of Commons at Westminster on the 14th July, 1933, the Secretary of State for the Colonies gave the figure of 889 claims as having been passed up to date;<sup>2</sup> but both these figures appear to have been erroneous. The first was given, by mistake, for the very much lower figure of 2,722, which was the correct figure at that date; and the figure 889 would have shrunk to 584 if it had been strictly confined to the number of claims that had then actually been admitted to the register.<sup>3</sup> As late as the 31st December, 1934, according to the Palestine Government's own returns,<sup>4</sup> the Development Officer had admitted only 656 heads of families to the register, while he had disallowed 2,578 claims, and had two claims still under consideration, out of a total of 3,236 applications received. No more than eleven new claims had been filed in the course of the year 1934. By the end of the year 1933, the Palestine Government had acquired, for the purpose of meeting these claims, 14,869 metric dönüms of land in the Baysān and Janīn sub-districts at the cost of £P64,000;<sup>5</sup> and by the end of 1934 these figures had risen to 17,868 dönüms and £P72,240.<sup>6</sup> By that date, 'all registered Arabs who' had 'signified their willingness to take up holdings upon Government estates' had 'been accommodated. That only a small number of Arabs' had 'come forward so far to take up land' was 'due to the fact that there' was 'at present plenty of employment to be found in the towns and neighbouring orange groves.'<sup>7</sup> Thus the investigations which the Palestine Government had carried out disproved the allegation that the process of Jewish agricultural colonization had been displacing Arab cultivators on a large scale.

This was a happy discovery, not merely in itself, but because, if the displacement had proved to be considerable, it would have been

<sup>1</sup> French, *op. cit.*, p. 60.

<sup>2</sup> The process of investigating and taking decisions upon claims was unavoidably slow. Each claim was submitted to the Jewish Agency for its observations after a first consideration by the Director of Development's Legal Assessor (French, *op. cit.*, pp. 59-60).

<sup>3</sup> It appears subsequently to have been confessed by the Mandatory Power that on the 14th July, 1933, only 584 claims had been admitted out of a total of 3,188. The higher figure of 889 had been arrived at by adding, in the first place, 237 claims which it was anticipated that the Government would have to include, unless, as was hoped, these claimants were prevented from becoming landless by the new Protection of Cultivators Ordinance (see p. 273), and, in the second place, 68 claims on the part of members of the Zubayd tribe of Arabs, who were being treated as a special case.

<sup>4</sup> *Report 1934*, p. 57.

<sup>5</sup> *Report 1933*, p. 10.

<sup>6</sup> *Report 1934*, p. 57.

<sup>7</sup> *Op. cit.*, p. 58.

difficult to make good ; for the Director of Development found that in Palestine there were no 'surplus' lands—in the sense of virgin lands never yet utilized for economic purposes—and no state domains available either for the re-settlement of landless Arabs or for further Jewish agricultural colonization—with the inference that any land now required for either of these purposes would have to be purchased or expropriated from private owners.<sup>1</sup> He submitted that, for either purpose, it would be prudent, for the present, to confine operations to lands in the citrus-bearing belt in the Plain of Sharon, and to refrain from embarking on schemes for the irrigation of lands in the Baysān district, the Hūlah basin,<sup>2</sup> and the Jordan Valley with an eye to the extension of citrus-cultivation to these hitherto untried parts of the country.<sup>3</sup> He drew attention to the fact that, at this time, the Jewish colonization organizations had 'admittedly in their possession reserves of land, aggregating over 40,000 dönums, which' had 'yet to be effectively colonized';<sup>4</sup> and he advised the Mandatory Power against accepting proposals which had been put forward by the Jewish Agency for the establishment of a Jewish Agricultural and Settlement Bank with the financial support of the Palestine Government.<sup>5</sup>

Meanwhile, apart from the special and easily manageable case of the displaced Arabs, the Palestine Government were confronted with a general problem, of far larger dimensions, in the shape of the continuing distress among the Arab peasantry as a whole. It is evident from the facts and figures, ascertained by the mandatory authorities, which have been recorded above, that this Arab distress in Palestine was not a consequence, either direct or indirect, of Jewish immigration. So far from that, the 'boom' which Jewish activities

<sup>1</sup> French, *op. cit.*, pp. 60-2.

<sup>2</sup> The special problems of the Baysān district and the Hūlah basin are discussed in French, *op. cit.*, pp. 25-8 and 36-53. For the history of the Hūlah Concession, see also *Report 1934*, pp. 75-9. On the 1st December, 1934, the British High Commissioner in Palestine announced that the concession for opening up the Hūlah basin had been transferred from the original Arab concessionaires (who had obtained the concession from the Ottoman Government before the War of 1914-18) to a Jewish group, which was to arrange for the drainage, by an early date, of 40,000 dönums. Under this new concession, 15,000 dönums of the lands reclaimed were to be reserved for occupation by Arabs (*The Times*, 3rd December, 1934), as against only 9,200 dönums under the original concession (*Jewish Agency Memorandum, 1934*, pp. 8-9).

<sup>3</sup> French, *op. cit.*, pp. 67 and 69-70.

<sup>4</sup> French, *op. cit.*, p. 70. For previous controversies over the extent of these Jewish land-reserves, see the *Survey of 1930*, p. 239, footnote 2. The total net area of Jewish purchases (in excess of Jewish sales) of land in Palestine was 62,114 dönums in 1934 and 155,900 over the five years 1930-4 (*Jewish Agency Memorandum, 1934*, p. 8).

<sup>5</sup> French, *op. cit.*, pp. 70-4.



in Palestine were now producing had manifestly relieved the economic pressure upon the Arab agricultural population by opening to it new urban markets, as well as a more lucrative alternative field of employment. The distress is to be accounted for partly by the slowly changing long-term social factor of Arab backwardness, and partly by the physical calamity of three successive years of drought which affected Arab and Jewish cultivators with impartial severity.<sup>1</sup> In dealing with this peasant Arab section of the population of Palestine, which numerically still accounted for about 47 per cent. of the whole (some 486,216 out of a total population of 1,035,821, according to the census of 1931),<sup>2</sup> the Government found themselves constrained, year by year, not only to remit taxes but even to grant short-term loans for the purchase of seed.<sup>3</sup> 'The winter months and the early spring of the year 1934 found a large proportion of the fallāhīn in a state of destitution, approaching starvation in some cases, and their live stock dying in large numbers.'<sup>4</sup> Thus the fear expressed by the Superintendent of Census that 'a proportion of the population would . . . be forced to live on the starvation line'<sup>5</sup> if the current 'invisible exports' of Palestine were to fall off, was actually being realized at a time when the country as a whole was still enjoying its local 'boom'.<sup>6</sup>

<sup>1</sup> 'The prosperity of the country was not reflected in the rural population, and that applied to Jews and Arabs alike, both of whom were suffering as a result of four (*sic*) years of drought'—the British accredited representative at the Twenty-Fifth Session of the Permanent Mandates Commission (Minutes, p. 18). For a vivid description of the disastrous effects of this three-years' drought, see the Report of the Agricultural Department of the Government of Palestine for the year ended March 1934, p. 18. The Transjordanian peasantry seem to have suffered still more severely than their brethren west of the river; and since the Transjordanian Government were not in a financial position to make loans for the purchase of seed and other purposes, the Palestine Government stepped into the breach and provided a loan for the distressed Transjordanian fallāhīn (Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 36).

<sup>2</sup> These figures follow from the statement in Mills, *op. cit.*, vol. i, p. 284, that 64 per cent. of the Muslim community was supported by agriculture, which gives a figure of 486,215-68. The Muslim rural population, including those inhabitants of villages who lived off the proceeds of agriculture indirectly, was shown by the census of 1931 to amount to 571,637 (Mills, *op. cit.*, vol. ii, p. 19). 'Agricultural distress reacted in certain local market towns to cause acute poverty among some of the inhabitants, and the Municipal Councils in Nāblus, Hebron and Baysān were obliged to distribute free flour for bread' (*Report 1933*, p. 24).

<sup>3</sup> *Report 1931*, p. 7; *Report 1933*, pp. 23-5; Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, pp. 14 and 18.

<sup>4</sup> Statement by the British accredited representative at the Twenty-Fifth Session of the Permanent Mandates Commission (Minutes, p. 14).

<sup>5</sup> Mills, *op. cit.*, vol. i, p. 48.

<sup>6</sup> The economic difficulties of the rural population were aggravated by the decay of village industries (Mills, *op. cit.*, vol. i, p. 284), and this was also a

As in previous years, this distress among the Arab rural population of Palestine continued to be felt most acutely in 'the hill country of Ephraim and Judah'.<sup>1</sup> The population of this hill country, according to the census of 1931,<sup>2</sup> was 373,196 (36 per cent. of the total population of Palestine), as against a population of 395,350 (38.2 per cent. of the total) in the Plain of Sharon; and since the hill country was about half as large again as the Plain of Sharon (about 5,570 square kilometres as against about 3,777), it followed that the mean density of population in the hill country was 67 persons per square kilometre as against a corresponding figure of 105 for the Plain—or 51 as against 78, excluding the urban populations of the four large towns of Jerusalem, Jaffa, Tel Aviv and Haifa.<sup>3</sup> On the basis of these densities of the respective rural populations in the hill country and in the Plain, it would appear that the amount of land (uncultivable together with cultivable) at the disposal of each individual member of the rural population was 19.6 metric dönums in the hill country and 12.8 in the Plain; and since the average size of an Arab agricultural household was found to be 4.5 persons, the amount of land of both kinds at the disposal of each rural household would work out at 88 metric dönums in the hill country and 58 in the Plain.<sup>4</sup> These findings of the Superintendent of Census are illuminated by the Director of Development's estimate that the *lot viable*—that is, the minimum holding which would suffice to support a Palestinian Arab cultivator and his family on a reasonable standard of living—was 130 dönums for unirrigated land and 30 for irrigated land.<sup>5</sup> On this showing,<sup>6</sup> the minimum holding could easily be secured to every rural household on the irrigable Plain of Sharon, but was hopelessly beyond the reach of the rural population of the hill country.<sup>7</sup>

As the Director of Development pointed out,<sup>8</sup> the first thing serious loss for the country as a whole in a world that was moving back again so rapidly towards a primitive régime of local *autarkeia*.

<sup>1</sup> See an article from a special correspondent in *The Times*, 14th August, 1934. <sup>2</sup> Mills, *op. cit.*, vol. i, p. 21. <sup>3</sup> *Ibid.*, p. 22. <sup>4</sup> *Ibid.*

<sup>5</sup> French, *op. cit.*, pp. 8-9. In the former of these two figures, Mr. French follows Sir John Hope Simpson (see the *Survey for 1930*, p. 240, footnote 2).

<sup>6</sup> The Director of Development's figure of 130 dönums as the minimum in the case of unirrigated land was criticized, in Jewish quarters, on the ground that it did not sufficiently take into account the possibility of more scientific cultivation in the highlands as well as in the lowlands.

<sup>7</sup> This contrast between the respective fortunes and prospects of the Arab peasantry in the hill country and in the Plain will appear the more remarkable when it is recollected that the Plain had been the main theatre of Jewish agricultural colonization, while in the highlands this had been a negligible factor. The contrast is another proof that Jewish immigration cannot have been the cause of the distress of the Arab peasantry in the hill country.

<sup>8</sup> French, *op. cit.*, pp. 75-8.

needful—pending positive remedial action, which was bound to take time—was the taking of effective measures for preventing the displacement of the agricultural Arab population from the land; for though, as has been recorded above, this process had not yet been proved to have affected more than 656 families, it might be expected, nevertheless—if not held in check—to outstrip and stultify the execution of the Palestine Government's slow and costly task of resettling the handful of cultivators who had been displaced already. With this intent, a Protection of Cultivators Ordinance<sup>1</sup> had been enacted on the 31st July, 1929 (on the eve of the outbreak of the disorders of that year), and had been subsequently strengthened more than once (e.g. on the 30th May, 1931). The Director of Development criticized this ordinance as inadequate for its purpose,<sup>2</sup> and advised the Palestine Government to pass a Home-steads Protection Ordinance and an Occupancy Tenants Ordinance to supplement and reinforce it.<sup>3</sup> The Government did enact an ordinance for the protection of tenants in August 1933;<sup>4</sup> and a Co-operative Societies Ordinance, which was enacted in the December of the same year,<sup>5</sup> to replace an ordinance on the same subject which had been issued in 1920 in the early days of the Civil Administration, stood to benefit the whole agricultural population, Arab and Jewish alike.

Nevertheless, the position of the rural Arab population of Palestine in the hill-country remained painful and critical; and the bitterness aroused in the heart of the upland fallāh was exacerbated by the contrast between his own hard lot and the apparently easy prosperity of the townspeople and the citrus-growers.<sup>6</sup>

<sup>1</sup> Text in *Report 1930*, pp. 257–61.

<sup>2</sup> French, *op. cit.*, p. 79.

<sup>3</sup> French, *op. cit.*, pp. 78–80, with drafts of the suggested ordinances on pp. 101–11.

<sup>4</sup> *Report 1933*, p. 11.

<sup>5</sup> *Report 1933*, p. 12.

<sup>6</sup> It was also alleged that there was an inequality in the incidence of taxation in the urban population's favour and to the rural population's disadvantage. It was true that the urban population had no income-tax to pay, while the cultivators had to pay a tithe. Yet, out of a total revenue of nearly £P4,000,000 for the financial year 1933/4, the total collection of tithe amounted to no more than £P57,720 (Palestine Government Treasurer's Report for the financial year 1933/4, p. 4), and this figure included the collections on citrus-land in the Plain, in respect of which there was no commutation. Nor was the non-rural section of the population exempt from direct taxation; for the Urban Property Tax (introduced in 1928) and the House and Land Tax (which was also urban in character) were direct taxes, and these produced, between them, £P300,084 in 1933/4. Moreover, the prosperous sections of the population were evidently paying the greater part of the rapidly increasing volume of customs receipts which was the principal element in the total increase in the public revenue (see p. 267, above). Furthermore, the Rural Property Tax Ordinance, which came into force on the 1st April, 1935, abolished both the tithe and the

These social and economic facts throw light both upon the prospects of the mandatory régime in Palestine and upon the antecedents of the outbreak of disorder in the autumn of 1933; for, though the disturbers of the peace on these occasions, between the 13th and the 29th October of that year, were all of them urban Arabs—the disturbances being confined to the four towns of Jerusalem, Jaffa, Haifa and Nāblus<sup>1</sup>—the cause, or pretext, for the demonstrations was the progress of Jewish immigration and land-purchase;<sup>2</sup> and it was the contemporary condition of the rural Arab population in the hill-country that gave, in Arab eyes, the most plausible colour to the thesis that the establishment of the Jewish National Home was inimical to the economic (as distinct from the political) interests of the Arab community in Palestine.<sup>3</sup>

Within the dates above mentioned, there were five disturbances in all: the first at Jerusalem on the 13th October; the second at Jaffa on the 27th October; the third at Haifa on the 27th-28th October; the fourth at Nāblus on the 27th October; the fifth at Jerusalem

Ottoman Werko, and replaced the two by a lighter tax which was assessed on the productive capacity of the land (*Report 1934*, pp. 17-18 and 80). Finally, account has to be taken of the substantial reliefs and subsidies which were afforded to the fallāhīn who were hit by the drought (for details, see *Report 1934*, pp. 18-19). During the financial year 1933/4 (Treasurer's Report for 1933/4, p. 2), taxes were remitted to the extent of £P214,059 in respect of tithes, and £P21,000 in respect of Animal Tax, while relief works were carried out to the value of £P33,249 and seed and fodder loans were granted to the amount of £P76,863. These reliefs and subsidies, which were provided out of current receipts and expenditure, were evidently made possible by the economic developments that were resulting from the Jewish immigration.

<sup>1</sup> Report of the Murison-Trusted Commission of Inquiry, published as a supplement to the *Palestine Gazette* of the 7th February, 1934, p. 89.

<sup>2</sup> 'The immediate cause of the disturbances with which we are concerned was the resolution of the Arab Executive calling upon the Arabs to hold demonstrations to protest against the policy of Government, the ground for which was prepared by a general feeling of apprehension amongst the Arabs engendered by the purchase of land by the Jews and by Jewish immigration'. (*op. cit.*, p. 104).

<sup>3</sup> This thesis was not borne out by the facts, as these were brought to light by the exhaustive investigations that were carried out by the Director of Development and the Superintendent of Census (see pp. 260-1, 273-4, above). The number of claims admitted to the register of displaced Arab cultivators was insignificant; and, while the distress among the rural Arab population was unhappily genuine, it was most acute in the hill country, which had hardly been touched by Jewish agricultural colonization, while it was felt much less severely in the Plain of Sharon, where the Jewish colonies were concentrated. In those circumstances, it is not surprising that the urban Arab disturbances of the autumn of 1933 had no echo in the countryside, where the Arab population was less sensitive to those political considerations which were always at the back of the Arab anti-Jewish movement in the cities—even when the movement hoisted the flag of an alleged economic grievance.

on the 28th–29th October. A detailed account of the events, which it would be superfluous to recapitulate here, will be found in the report<sup>1</sup> of the Commission of Inquiry which was subsequently appointed by the Palestine Government.<sup>2</sup> The Commission found that the first Jerusalem disturbance and the Jaffa disturbance ‘were the direct result of instigation by the Arab Executive at Jerusalem’,<sup>3</sup> while the Haifa disturbance ‘anticipated, but was in conformity with, the plans of the Arab Executive in Jerusalem. The central feature of the first Jerusalem and the Jaffa disturbances, if not of that of Haifa, was an organized procession.’<sup>4</sup> The Nāblus disturbance appears<sup>5</sup> to have been excited by the news from Jaffa; and the second Jerusalem disturbance was found by the Commission to have been ‘mainly fortuitous in its origin’, and to have ‘consisted of three entirely separate incidents, all of which occurred without any definite preparation and without any plan for a procession.’<sup>6</sup> The mandatory authorities appear to have been conciliatory, as well as firm, in negotiating with the leaders of the movement before the disturbances occurred, and considerate, as well as efficient, in dealing with the trouble when it broke out notwithstanding their efforts to avert it.<sup>7</sup> No doubt their problem was simplified by the fact that, on this occasion, they themselves were the sole target of attack.<sup>8</sup> The total casualties were one policeman and 26 members of the public killed and 56 policemen and 187 members of the public injured; and neither the Jewish community nor the military forces were involved. ‘Throughout the disturbances the military forces were placed in positions of readiness, but on no occasion did they come into conflict with the populace.’<sup>9</sup> It was not till the 29th October, which was the last day of the disturbances as it turned out, that the High Commissioner

<sup>1</sup> *Op. cit.* in footnotes on preceding page.

<sup>2</sup> The Commission consisted of two members: a former Chief Justice of the Straits Settlements, Sir William Murison, and the Attorney-General of Palestine, Mr. Trusted. The Murison Commission’s report is dated the 4th January, 1934.

<sup>3</sup> ‘The idea of a demonstration at Jaffa originated from the Arab Executive in Jerusalem. The date originally fixed for it was the 20th October, but it was said that this was afterwards altered to the 27th because the Jaffa Lawn Tennis Tournament was fixed for the 20th, and one of the leaders was much interested in the tournament’ (*op. cit.*, p. 93). If this detail is correct, it shows how deliberate and cold-blooded the disorders were, and how far they were removed from being a spontaneous outcome of the distress among the upland fallāhin in whose name they were organized. A starving peasant does not postpone his outbreak for a week in order to make sure of getting in a tennis-party.

<sup>4</sup> *Op. cit.*, p. 102.

<sup>5</sup> *Op. cit.*, pp. 101–2.

<sup>6</sup> *Op. cit.*, p. 102.

<sup>7</sup> See *op. cit.*, *passim*, but particularly pp. 104–5.

<sup>8</sup> ‘These disturbances were aimed against the Government and not against the Jews’—*op. cit.*, p. 104.

<sup>9</sup> *Op. cit.*, p. 105.

proclaimed the emergency law entitled the Palestine Defence Order in Council, 1931.

On the 9th December, 1933, the police had to deal at Tel Aviv with a somewhat similar disturbance which arose out of an illegal procession of Zionist Revisionists in protest against the measures which the Palestine Government had taken<sup>1</sup> to detect and deport illicit immigrants. In this disturbance at Tel Aviv, eighteen policemen (British and Jewish) appear to have sustained injuries, and twenty persons to have been arrested.

As a sequel to the foregoing Arab disturbances, three persons were prosecuted on the charge of having taken part in the first disturbance at Jerusalem, and eighteen on the charge of having taken part in the disturbance at Jaffa.<sup>2</sup> In both trials, appeals were lodged against the convictions which were arrived at by the court of first instance; and in both cases these convictions were upheld by the court of appeal. The appellants, however, were given the option—as an alternative to serving the terms of imprisonment to which they had been condemned—of release on probation if they would consent to be bound over for three years, without thereby being debarred from engaging in lawful political activities. These terms were accepted by all the prisoners but one, who served a sentence of six months' imprisonment and was then placed under police supervision for a further period of twelve months.

The tact and conciliatoriness which the Mandatory Power in Palestine displayed in its handling of the Arab disturbances of the autumn of 1933 did not prevent this affair from producing widespread repercussions in other Arab countries.

In Transjordan, there were sympathetic strikes and demonstrations at 'Ammān and As-Salt on the 28th October, 1933; and the Amir 'Abdu'llāh's efforts to calm the feelings of the demonstrators in front of his palace by making them a sympathetic speech<sup>3</sup> did not avert a repetition of the demonstrations; first on the 31st October and then again on the 3rd November. On this second occasion, Peake Pasha, the British commanding officer of the Arab Legion, was pelted with date-stones by boys who recognized him as he was driving

<sup>1</sup> See p. 256, above.

<sup>2</sup> Both groups of prisoners included the secretary of the Arab Executive, Jamāl Efendī al-Husaynī, as well as the Shaykh 'Abdu'l-Qādir al-Muzaffar.

<sup>3</sup> The Amir seems to have been so far moved by the demonstration of his subjects' feelings as to have written a letter, on the same day, to the High Commissioner at Jerusalem, protesting in friendly terms against the persistence of illicit Jewish immigration into Cisjordanian Palestine (*Oriente Moderno*, December 1933, p. 641). An ancient historian will be reminded of the correspondence between Herod Antipas and Pilate.

through the streets of 'Ammān in his car. In reply to this not very formidable demonstration, the Transjordanian Government proclaimed a state of siege.<sup>1</sup> At Damascus, on the 3rd–7th November, 1933, there were demonstrations in protest against the Balfour Declaration; and on the first of these days there was a shooting incident between the crowd and the police, in which two members of the public were wounded and one (a Kurd) was killed. In 'Irāq there were demonstrations both at Baghdad and at Mosul—those at Baghdad finding a forum in the mosques, in the press and in parliament. In Egypt, the *Wafd* telegraphed its expressions of sympathy to the Palestine Arab Executive as early as the 29th October, and there were demonstrations in the mosques on the 3rd November. Similar expressions of sympathy came in from the Muslim diaspora *in partibus infidelium*, from as far afield as India in one direction and Yugoslavia in another; but perhaps the most impressive of all the manifestations of solidarity was the Persian.

Ever since the recrudescence of Imāmī Shi'ism and the unification of Persia into a single state—with Imāmī Shi'ism as its established religion—towards the beginning of the sixteenth century of the Christian Era, the Persians had been living in a state of moral alienation from the Sunnī Muslims west and east of them.<sup>2</sup> The response which was evoked in Persia in the last decade of the nineteenth century by the Pan-Islamic Movement was one of the first signs that this moral isolation was breaking down; and now, in the fourth decade of the twentieth century, when Persia's neighbour Turkey—who had been the last refuge of the Sunnī Caliphate—was deliberately repudiating the tradition of Muslim solidarity, the Persians, in their sympathy with the Arab cause in Palestine, were making a motion to go back upon their own previous secession from the Islamic body social. The initiative in this Persian move appears to have been taken by the Shī'ī ulamā of Qum:<sup>3</sup> the 'die-hards' of the Imāmī Shi'ite tradition, whose last historic exploit had been to veto Rizā Khān Pahlawī's project of turning Persia into a republic on the recent Turkish precedent.<sup>4</sup> On the 17th December, 1933, speeches on behalf of the Palestinian Arabs were made in the Majlis at Tihṛān; and on the 16th January, 1934, the Persian Minister accredited to the Court of Egypt, *en voyage* between Persia and Cairo, broke his journey at Jerusalem and was given a state reception in the

<sup>1</sup> Text of proclamation in *Oriente Moderno*, December 1933, p. 641.

<sup>2</sup> See A. J. Toynbee: *A Study of History*, vol. i (London, 1934, Milford), pp. 388–400.

<sup>3</sup> *Oriente Moderno*, December 1933, p. 618.

<sup>4</sup> For this incident, see the *Survey for 1925*, Vol. i, pp. 536–7.

Haramu-'sh-Sharif by the Permanent Representation of the Jerusalem Muslim Congress<sup>1</sup> in association with the Afghan Minister from Cairo, who had just completed a ten-days' religious retreat in the Mosque of Al-Aqsā.

These repercussions of the autumn disturbances in Palestine were interesting, not only for the light which they threw upon the general tendencies of the day in the Islamic World as a whole, but also in their bearing upon the local question of the economic future of Palestine. The lesson of Palestine's extraordinary economic development since the close of the General War of 1914-18 was that this fragment of Arab Asia had promising material prospects if she could succeed in resuming her historic rôle as an *entrepôt* for the regions round about. For playing this part, geographical position and business ability were not in themselves enough; a third indispensable requisite was a state of good will between the Jewish men of business who were seeking to build the economic fortunes of Palestine up and their future Gentile correspondents in Egypt and Syria and 'Irāq and Persia; and the sensitiveness of public feeling, throughout Palestine's Middle Eastern economic hinterland, to the political atmosphere in Palestine itself would suggest that Palestine's economic problem abroad could hardly be solved apart from a solution of the political problem in the interior of the country.

Thus, perhaps, the hard-pressed Arab peasantry of the hill country of Ephraim unwittingly held in its hands the key which alone could unlock the door of the Zionist's eagerly sought earthly paradise. If these unconscious instruments of propaganda could plausibly be represented, to the Arab World at large, as being victims of the Jewish ambition to re-establish a Jewish national home in Palestine, then their plight might continue to be turned to contentious political account, and an obscure local community of fallāhīn might thus become a lode-stone for attracting a massive Arab opposition to Zionist aims from as far afield as Baghdad and Riyād and Mecca and Cairo and Aleppo. On the other hand, if it became manifest, beyond question, that the sufferings of the Arab peasantry in the hill country of Ephraim were in no way due to Jewish immigration into Palestine, but on the contrary were actually being mitigated and relieved by the general prosperity, both private and public, which this Jewish immigration had brought in its train, then, conversely, it might be hoped that a gradual improvement in the condition of the Palestinian Arab fallāhīn might afford the basis for a reconciliation between Jews and Arabs throughout the Middle East.

<sup>1</sup> See section (i) (b) of this part of the present volume.



If and when that reconciliation became manifest, a Western observer of Middle Eastern affairs would begin to feel some assurance that the astonishing 'boom' which had prevailed in Palestine since 1930 was not an ephemeral phenomenon but was the outward visible sign of a durable and substantial economic renaissance.

(vii) The Non-Ratification of the Syro-French Treaty signed on the 16th November, 1933

The emancipation of the Kingdom of 'Irāq from the mandatory régime on the 3rd October, 1932, through admission to membership of the League of Nations,<sup>1</sup> automatically brought into force the 'Irāqī-British treaty which had been signed, in anticipation of this event, on the 30th June, 1930.<sup>2</sup> When a treaty, avowedly on this model, between Syria and France was subsequently signed on the 16th November, 1933, it might have seemed as though a long step had been taken towards a similar emancipation of the adjoining Arabic-speaking country which lay between 'Irāq and the Mediterranean, and which was traditionally known by the name of Syria throughout its length from the Amanus Mountains on the north to the Gulf of 'Aqabah on the south.<sup>3</sup> The Syria, however, which was one of the two parties to the treaty of the 16th November, 1933, was very far from being coextensive with the Syria of tradition; for the victorious Allied Powers who had received mandates in the Asiatic Arabic-speaking countries that had formerly been provinces of the Ottoman Empire had pursued contrary policies in the eastern and in the western portions of the region which their victory over Turkey in the war of 1914-18 had brought under their control. In the eastern portion—that is to say, in 'Irāq—the British Mandatory Power had done its utmost, since the suppression of the insurrection of 1920, to unify the country and at the same time to nurse it, with the greatest possible rapidity, into becoming a genuinely self-governing unitary state. In the western portion, on the other hand—that is to say, in Syria in the wider sense of the term—the British and French Mandatories had divided the country into two separate mandated areas—Palestine under a British mandate, and Syria-and-the-Lebanon under a French mandate—and they had then each proceeded to divide and subdivide their respective mandated territories: Palestine into Palestine Proper and Transjordan; Syria-and-the-Lebanon into

<sup>1</sup> See the present volume, section (ii) (d) of this part.

<sup>2</sup> See the *Survey for 1930*, Part III, section (vi).

<sup>3</sup> For the physical boundaries of Syria in the traditional meaning of the name see the *Survey for 1925*, vol. i, pp. 347-8.

a Syrian and a Lebanese state; and Syria itself into the state of Syria Proper and the two separate Governments of Lādiqiyah (originally styled the 'Alawīyīn) and the Jabalū'd-Durūz. Even within this post-war Syria in the narrowest sense, which was the Syrian party to the Syro-French treaty of the 16th November, 1933, the Turkish-speaking Sanjāq of Alexandretta was endowed with a special régime.<sup>1</sup> At the same time, in these fragments of Syria, both the British and the French showed themselves distinctly less zealous in fostering self-government than the British showed themselves in 'Irāq.

This differentiation in the Mandatory Powers' treatment of 'Irāq on the one hand and the Syrian territories on the other was a political paradox, because the heterogeneity of the population, which was the declared obstacle both to unity and to self-government in the Syrian territories, was at least as strongly pronounced in 'Irāq,<sup>2</sup> where it did not deter the Mandatory Power from pressing forward towards the goal of self-government on a unitary basis, while in political maturity, as measured by a familiarity with Western institutions, there could be no doubt that the Syrian Arabs were more ripe than the 'Irāqī Arabs for managing their own affairs.

The readiness of the Mandatory Powers to emancipate their wards was, indeed, in exact inverse ratio to the actual degree of these wards' maturity. 'Irāq, which was the least mature of all the Arabic-speaking countries in question, attained full emancipation on the 3rd October, 1932.<sup>3</sup> The next least mature of these countries—namely Transjordan and Syria in the narrow sense of the term—were placed in treaty-relations with the respective Mandatory Powers by the signature of a Transjordanian-British agreement on the 20th February, 1928,<sup>4</sup> and of a Syro-French treaty on the

<sup>1</sup> For the genesis of these post-war divisions and sub-divisions of Syria see the *Survey for 1925*, vol. i, pp. 346–66.

<sup>2</sup> Pace the statement to the opposite effect that was made in the Chamber of Deputies at Paris by the French Prime Minister on the 30th March, 1933.

<sup>3</sup> See the present volume, section (ii) (d) of this part.

<sup>4</sup> See the *Survey for 1928*, Part III B, section (vi), pp. 321–8. A further Agreement, supplementary to that of the 20th February, 1928, was signed at Jerusalem on the 2nd June, 1934, by the British High Commissioner in Palestine and a representative of the Transjordanian Government (text in *Report on the Administration of Palestine and Transjordan for the year 1934* = Colonial No. 104, 1935, Appendix VI). The supplementary agreement modified Article 1 and the first paragraph of Article 7 of the agreement of 1928. The Amīr of Transjordan was now empowered to appoint consular representatives in neighbouring Arab states; he was relieved of the financial charge for salaries, expenses, and accommodation of the British Resident and his staff; and the previous stipulation that 'the customs-tariff in Transjordan' should 'be approved by His Britannic Majesty' was struck out, though it was still agreed that there should be no

16th November, 1933. On the other hand, at the time of writing in the spring of 1935, neither the British nor the French Government had yet shown any intention, in regard to Palestine Proper and the Lebanon, of even going so far as to translate the tutelage of the mandatory régime into treaty form, though Palestine and the Lebanon were undoubtedly the least immature of all the Arabic-speaking countries under mandate. In a colloquy with the Permanent Mandates Commission at Geneva on the 1st December, 1932,<sup>1</sup> the then High Commissioner of the French Government for their Levantine mandated territories, Monsieur Ponsot, found himself quite unable to suggest a serious reason why the Mandatory Power should be contemplating, as it was at the time, the negotiation of a treaty with Syria alone, and not with the Lebanon as well. The unavowed reason was, perhaps, that in the Lebanon the French were unwilling to relax their control for fear of this leading to a break-up of the Greater Lebanon which they had created on the 31st August, 1920.<sup>2</sup> As for Palestine west of Jordan, British statesmen had often frankly avowed<sup>3</sup> that they could not foresee a time when they would feel able to emancipate this territory, because emancipation would mean the destruction, by the local Arab majority, of the Jewish National Home which the British had caused themselves to be enjoined to establish in Palestine by the terms of their mandate.

This British readiness to postpone the advent of self-government in Palestine for an indefinite time to come, for the sake of ensuring the establishment there of a national home for an immigrant Jewish minority, presented a striking contrast to the contemporary British readiness in 'Irāq to sacrifice the immigrant Assyrian minority's aspirations for a national home there for the sake of hastening on the political emancipation of the 'Irāqī Arab national state. Similarly, we may contrast the French policy of satisfying the aspirations of the religious and linguistic minorities in Syria—the non-Muslim Druses and 'Alawīyīn and the non-Arabic-speaking Turks of the sanjāq of Alexandretta—by the grant of a measure of territorial autonomy, with the unwillingness of the British in 'Irāq to provide in this way for the Shi'is or the Yazīdis or the Turks and Kurds. On the merits of the case, the Jabal Sinjār had as good a claim to territorial autonomy as the Jabalu'd-Durūz, the Shi'is of Southern 'Irāq

customs barrier between Palestine and Transjordan except by agreement between the two countries.

<sup>1</sup> Minutes of the Permanent Mandates Commission, Twenty-Second Session, p. 263.

<sup>2</sup> See the *Survey for 1925*, vol. i, pp. 355-6.

<sup>3</sup> See *op. cit.*, p. 394, and the *Survey for 1930*, p. 260.

as the 'Alawīyīn of the Jabal Ansariyah, and the Turks and Kurds of Kirkūk and Arbīl and Sulaymānīyah as the Turks of Antioch and Alexandretta. On the other hand, if the unificatory British policy in 'Irāq were to be proved, by the outcome, to have been the right policy there, then there would be little to be said for the Anglo-French policy of sub-division in Palestine and Syria. Linguistically, 'Iraq was actually much less of a unity than the Syrian territories were; for the Circassian, Jewish, Armenian and other non-Arabic-speaking elements in the Syrian territories were not comparable in numbers with the non-Arabic-speaking Kurds and Yazīdīs and Turks and Assyrians in 'Irāq. In heterogeneity of religion, the two regions were approximately on a par with one another. In administrative tradition both alike had previously been articulated into a hierarchy of Ottoman vilāyets, sanjāqs and qazās whose boundaries had been drawn without regard either to religion or to language.

The sole difference in this respect was the existence in the Syrian area, since A.D. 1861, of a special régime in the Lebanon sanjāq: a province that had been carved out of the main body of the Ottoman Empire, by international action, in order to confer a measure of autonomy, which was likewise internationally guaranteed, upon a local Christian population.<sup>1</sup> By the time when the Arabic-speaking provinces of the Ottoman Empire came under French and British control after the General War of 1914–18, the establishment of this national home in the Lebanon for a majority of the Arabic-speaking Christians of Syria was a long-since accomplished fact; and this fact was taken account of in the terms of the French mandate, which was conferred upon France for Syria *and* the Lebanon, and which required the Mandatory Power (Art. 1) 'to facilitate the progressive development of Syria and the Lebanon as independent states'.<sup>2</sup> In regard to the Lebanon, and the Lebanon alone, the post-war dissection of the Syrian territories was fore-ordained by the pre-war situation.

On all other points the contrast between the dissected post-war map of the Syrian territories and the unified post-war map of 'Irāq was the consequence, not of any antecedent difference in the local conditions, but of an arbitrary local diversity in the policies of the Mandatory Powers. In 'Irāq the British had decided to risk the welfare of minorities for the sake of bringing into existence a unitary sovereign independent state at the earliest possible date. On the other hand,

<sup>1</sup> See the *Survey for 1925*, vol. i, p. 354.

<sup>2</sup> On this point see the colloquy between Monsieur Ponsot and the Permanent Mandates Commission in the minutes of the Permanent Mandates Commission, Twenty-Second Session (November-December 1932), pp. 263-5.

in the Syrian Arabic-speaking territories between 'Irāq and the Mediterranean, both the British and the French had decided to postpone the attainment of sovereign independence for an indefinite time to come for the sake of safeguarding the welfare of minorities. Time alone could show which of these two diverse policies was the more beneficial on the whole; and it was not, in itself, unreasonable to try a variety of political experiments in the *terra politicè incognita* of these mandates of the 'A' class in the Middle East. At the same time, an impartial observer might have been inclined to regard the relatively mature Syria as the more propitious forcing-ground for a sovereign independent unitary state, and the relatively backward 'Irāq as the more natural field for experimenting in a prolonged tutelage for the benefit of minorities. The actual course of events, in which the two diverse policies were respectively put into action in the opposite areas, entailed a wanton aggravation of the intrinsic difficulties of the task which would be an inexplicable paradox if the Mandatory Powers were to be credited with an exclusive and disinterested devotion to their public duties. The paradox could be resolved, however, on the hypothesis that, in both areas, both Mandatory Powers were seeking all the time to reconcile their public duties with their local view of their own private interests. The British policy in 'Irāq could be explained as the outcome of a local application of the newfangled idea that, in twentieth-century Oriental countries, a nineteenth-century form of Western Imperialism was no longer 'a paying proposition'.<sup>1</sup> Conversely, the Anglo-French policy in Transjordan, 'Syria' (in the post-war sense), the Lebanon and Palestine could be explained on the supposition that, in this region, the British as well as the French Government were still persisting in their nineteenth-century 'Imperialist' point of view. In this chapter we have to follow the workings of the more old-fashioned policies in the Syrian territories under French mandate.

In previous volumes of this series<sup>2</sup> some account has been given of the constitutional development of the Greater Lebanon Republic which had been created by a French act on the 31st August, 1920. The Lebanese had been allowed to frame for themselves an ultra-democratic parliamentary Constitution which had come into force on the 23rd May, 1926. Thereafter, in the light of experience, this Constitution had been modified, by the successive constitutional laws of the 17th October, 1927, and the 8th May, 1929, in the direction of increasing the executive powers of the President of the Republic.

<sup>1</sup> See pp. 111-12, above.

<sup>2</sup> See the *Survey for 1925*, vol. i, pp. 441-3, and the *Survey for 1930*, p. 304.

In spite of these modifications, the Lebanese Constitution proved to be excessively costly to the country—not only on account of its elaborateness, but also owing to the financial corruption for which the multiplication of public offices gave opportunities—and this partly superfluous and partly illegitimate burden upon the resources of a small and poor country became intolerable when the Lebanon was overtaken by the onset of the world economic crisis: a social calamity which fell with particular severity upon a state that was largely dependent, for its national income, upon its foreign trade and the remittances of its emigrants. Economies in the judicial and educational departments, which were effected early in the year 1930, proved insufficient; and thereafter 77 out of the 111 schools which had been closed had to be opened again owing to the dissatisfaction of the Muslim element in the community with an economy which had borne disproportionately hard upon Muslim children.<sup>1</sup> In the spring of 1931, the popular feeling displayed itself in demonstrations in Christian Bayrūt against the cinemas and the tramway and electricity companies, and in Sunnī Tarābulus (Tripoli) against the Italian conquerors of the Tripolitans' co-religionists in North Africa.<sup>2</sup> In these circumstances, on the 9th May, 1932, the French High Commissioner in the Levant promulgated two *arrêtés*<sup>3</sup> partially suspending the existing Constitution of the Lebanese Republic and conferring legislative power—particularly over the budget—upon the President of the Republic, Monsieur Charles Dabbās, who was to act on the advice of a council composed of the heads of the seven public services. The sessions of the Chamber were suspended.

This drastic intervention on the Mandatory Power's part was greeted with popular demonstrations of approbation which were certainly widespread and were also, to all appearance, genuine; and the popular expectations were largely fulfilled on the financial side by the rapid achievement of sweeping economies in the conduct of public business. On the other hand, an attempt to bring corrupt public servants to account was frustrated by the influence of the relatives and friends of the accused and by the collusive procrastination of the judicial authorities; and eventually all persons who were awaiting trial on this account obtained the benefit of a general amnesty on the 1st September, 1933.<sup>4</sup>

<sup>1</sup> French Government: *Rapport sur la Situation de la Syrie et du Liban, 1930* (Paris, 1931, Imprimerie Nationale), pp. 10–11.

<sup>2</sup> *Rapport 1931*, pp. 9–10.

<sup>3</sup> Texts in *Oriente Moderno*, June 1932, pp. 277–8.

<sup>4</sup> *Rapport 1932*, p. 9; *Rapport 1933*, pp. 12–13; Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission (May-June 1934), p. 75.

The emergency régime which had been introduced in the Lebanon on the 9th May, 1932, was brought to an end on the 2nd January, 1934. On that date Monsieur Dabbās' resignation was tendered and accepted in an exchange of letters between the Head of the Lebanese Government and the French High Commissioner in the Levant; and on the same date the High Commissioner promulgated four *arrêtés*: one<sup>1</sup> provisionally reorganizing the public administration in the Lebanon; a second embodying a new electoral law for the Lebanese Republic; a third nominating a Maronite elder statesman, Habib Pasha as-Sa'd,<sup>2</sup> to a year's term of office as President of the Republic; and a fourth conferring the powers of Head of the State, under the High Commissioner's previous *arrêté* of the 9th May, 1932, upon a French official pending the new President's assumption of office. Under this new provisional Constitution, the parliamentary element in the government of the Lebanon was restored; but the Chamber was now deprived of all power to initiate expenditure (Art. 31), and in the last resort the President was empowered to pass the budget over the deputies' heads. Moreover, seven out of the twenty-five deputies were to be the President's nominees (Art. 4). The executive power was conferred upon the President, who was to be assisted by a Secretary of State (Art. 3) and, for certain purposes, by a Government Council (Arts. 3, 6, 33, 42, 43). The Secretary of State, and most other public officers, were to be the President's appointees (Art. 38).

Under this Constitution, which was possibly better suited to a politically adolescent country in time of crisis than the more elaborate Constitution of 1926, the Lebanon was still living, at the time of writing in the spring of 1935, without any apparent intention on the French side of liquidating the mandate or any overt agitation on the Lebanese side for political emancipation on the 'Irāqī precedent. On the other hand, by this date, the development in relations between Great Britain and the Kingdom of 'Irāq had had a profound effect upon the relations between France and the state of Syria.

In a previous volume in this series,<sup>3</sup> the history of Franco-Syrian relations has been carried down to the 22nd May, 1930, when the French High Commissioner in the Levant published a set of six *arrêtés*, signed by him on the 14th of that month, in which he dissolved the Syrian Constituent Assembly and at the same time promulgated, by his own unilateral act, a Constitution for the state of Syria, a *règlement organique* for the sanjāq of Alexandretta, two

<sup>1</sup> Text in *Oriente Moderno*, February 1934, pp. 66-9.

<sup>2</sup> For Habib Pasha as-Sa'd's previous career see *Oriente Moderno*, February 1934, p. 74.

<sup>3</sup> The *Survey for 1930*, pp. 310-14.

*statuts organiques* for the government of Lādiqīyah and the government of Jabalu'd-Durūz respectively, and a *règlement organique* setting up a Conference on Common Interests (particularly on customs administration) between the Governments of the states under French mandate in the Levant. The new Constitutions for Alexandretta, Lādiqīyah and Jabalu'd-Durūz did little more than confirm the existing régime in each of these three territories; and they were put into force without delay and without disturbance.<sup>1</sup> The application of the new Constitution for the state of Syria was a more delicate matter; for although for the most part it was identical with the text that had been drafted by the Syrian Constituent Assembly, the modifications introduced by the French High Commissioner were highly contentious;<sup>2</sup> and the French variation upon the original Syrian text was rendered still more unpopular by the rather high-handed manner of its promulgation. Meanwhile, the state of Syria continued to be administered by the Provisional Government under the Presidency of Shaykh Tāju'd-Dīn which had been set up by the French High Commissioner on the 14th February, 1928;<sup>3</sup> and it was only towards the end of the year 1931 that steps were taken to bring the new Syrian Constitution into operation.

On the 19th November, 1931, the French High Commissioner addressed a letter to Shaykh Tāju'd-Dīn heralding the termination of the provisional régime and announcing that free elections for a Syrian Chamber of Deputies would be held in January 1932. On the same date the High Commissioner promulgated three *arrêts*: one setting up a Consultative Council in view of the putting into force of the Syrian Constitution; a second reorganizing the Syrian Government services pending the entry of the Constitution into force; and a third modifying the existing regulations for the conduct of elections.<sup>4</sup> The new Consultative Council held its first meeting on the 7th December, 1931, at Damascus; and on this occasion the French High Commissioner, in a public statement,<sup>5</sup> drew attention to the fact that on the 11th June, 1931, during the twentieth session of the Permanent Mandates Commission, and again on the 4th September, 1931, during the sixty-fourth session of the League Council, the French representatives at Geneva had intimated the French Government's acceptance of the principle that the proper road to the emancipation of a territory under a mandate of the 'A' class lay through the negotiation of a

<sup>1</sup> *Rapport 1930*, p. 4.

<sup>2</sup> *The Survey for 1930*, pp. 307-10.

<sup>3</sup> *Op cit.*, pp. 305-6.

<sup>4</sup> Texts of the letter and the three *arrêts* (with annexes) in *Oriente Moderno*, December 1931, pp. 575-8, and in *Rapport 1931*, pp. 177-83.

<sup>5</sup> Text in *Rapport 1931*, pp. 184-6.



treaty between the state under mandate and the Mandatory Power. He informed his audience that the purpose of the forthcoming elections was to convene a Syrian parliament with which the French authorities would be able to negotiate for this purpose.

The Syrian elections in the first degree were duly held on the 20th December, 1931; but in the electoral districts of Damascus, Dūmā and Hamāh the polling precipitated disorders which moved the High Commissioner to cancel the proceedings and order the elections to be held again. Elsewhere, the elections in the second degree took place on the 5th January, 1932; and in the three disturbed districts the supplementary proceedings took place on the 30th March and the 6th April, 1932, respectively. These supplementary elections were won by the Syrian nationalists; and the combined results produced a Chamber, consisting of 54 'moderates' and 17 nationalists, which assembled at Damascus on the 7th June, 1932.

It might have been expected that a Chamber of this complexion would prove not unaccommodating in its negotiations with the Mandatory Power. Feelings were embittered, however, on the Syrian side, by a belief that the moderate majority was due to the exertion of illegitimate pressure by the mandatory authorities; this belief was not extinguished when—at the instance of the nationalist minority which had won the supplementary elections—the results were declared valid by the Chamber itself;<sup>1</sup> and, from the moment when the Chamber assembled, the nationalist minority began to establish over the moderate majority an ascendancy which tended steadily to increase. At this stage it was the policy of the nationalists to co-operate, and two nationalist Ministers found a place, side by side with two moderates, in the Cabinet which was formed under the presidency of Haqqī Bey al-'Azm. The treaty negotiations with this new Syrian Government were opened by the French High Commissioner before the end of the calendar year;<sup>2</sup> but they do not seem to have been taken up vigorously until the beginning of February 1933; and the result of this delay was to strengthen the hands of the nationalists and so to stiffen the opposition.

This opposition mainly arose out of the policy of dividing and subdividing the mandated territory which had been pursued from

<sup>1</sup> On this point see the statement made to the Permanent Mandates Commission by the French High Commissioner, Monsieur Ponsot, on the 1st December, 1932. (Minutes of the Twenty-Second Session of the Permanent Mandates Commission, pp. 260-1.)

<sup>2</sup> Statement by Monsieur de Caix to the Permanent Mandates Commission on the 4th June, 1934. (Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 56.)

the outset by the Mandatory Power. To begin with, the terms of the French mandate envisaged the eventual emancipation of two separate states, Syria and the Lebanon; and there were few Syrian nationalists who disputed the Lebanon's title to independence (though, at the same time, there were equally few who acquiesced in the annexation to the Lebanon of the additional territories—Tarabulus; Sūr and Saydā; the Biqā'<sup>1</sup>—which had been assigned to the Lebanon at Syria's expense in 1920).<sup>2</sup> In a colloquy with the Permanent Mandates Commission on the 1st December, 1932,<sup>3</sup> Monsieur Ponsot admitted that, of the various portions into which the French mandated territory had been carved, Syria and the Lebanon were the only two that possessed 'an international vocation' in the sense of being entitled to look forward to an eventual emancipation with the status of sovereign independent states. At the other extreme, Monsieur Ponsot admitted, on the same occasion, that the sanjāq of Alexandretta was 'simply a Syrian province' which 'enjoyed a special administrative régime'. The crux was the status of the two 'governments' of Lādiqīyah and Jabalu'd-Durūz; for while, on the one hand, these were admittedly disqualified from eventually maturing into independent states, on the other hand they were excluded from the domain of the Syria which had been endowed with the Constitution of the 14th May, 1930, and which was to be the Syrian party to the projected Franco-Syrian treaty. 'In the near future', Monsieur Ponsot observed to the Mandates Commission, 'we shall have a treaty zone and a mandate zone';<sup>4</sup> and the effect of this differentiation within the French mandated territory would be virtually to cut off the Syrian party to the treaty from access to the sea—the Syrian ports of Sūr, Saydā and Tarabulus being now annexed to the Lebanon, while Lādiqīyah remained autonomous and the nominally Syrian port of Alexandretta enjoyed a special régime.

The approaching prospect of a fresh advance towards the emancipation of the state of Syria brought the question of division versus union to the front and excited hopes and fears on all sides. In the Jabalu'd-Durūz, where the non-Druse minorities in the population were very small,<sup>5</sup> the Government Council had conveyed to Monsieur

<sup>1</sup> The Syrians do not seem to have set their hearts upon the recovery of the city of Bayrūt, which had been annexed to the Lebanon simultaneously. Bayrūt was an enclave in territory that was indisputably Lebanese, and it was a predominantly Christian city.

<sup>2</sup> See the *Survey for 1925*, vol. i, p. 355.

<sup>3</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, pp. 263-5.

<sup>4</sup> *Op. cit.*, p. 264.

<sup>5</sup> Only 1,000 Sunnis and 7,500 Christians out of a total population of 65,000, according to Monsieur Ponsot, *op. cit.*, p. 263.

Ponsot, on the 2nd November, 1932, the desire of the Druse community that the Jabal should be assured of retaining its independence *vis-à-vis* Syria. The Ansariyah community was equally concerned on behalf of the independence of the government of Lādiqiyah—though here a vigorous campaign in favour of re-union with Syria was maintained by the Sunnī minority, who in 1933 were reckoned by the mandatory authorities to amount to 17 per cent. of the population of the district<sup>1</sup> and to 80 per cent. of the population of the city of Lādiqiyah itself. On the other side, the Syrian nationalists were determined not to enter into a treaty with the French which would signify their acquiescence in the separation from Syria of the several territories that had been detached from it during and since the Peace Settlement of 1919-20.

These conflicting aspirations in Syria had their repercussions at Geneva as well as on the spot.

At Geneva the Permanent Mandates Commission, during its twenty-fourth session (23rd October–4th November, 1933), had to deal with no less than twenty-two petitions in five series, regarding the political organization of Syria and the Lebanon. The Commission's *rapporteur* on these petitions, Monsieur Rappard, observed in his report<sup>2</sup> that

they are of two characters, which clearly distinguish them from most of the petitions the Commission is usually called upon to consider. On the one hand, they do not voice the dissatisfaction aroused by a particular act of the Mandatory Power or one of its agents, but they lay before us various desires and complaints in regard to its general policy. On the other hand, and in particular, they do not refer to past acts, but to the presumed intentions of the Mandatory Power as regards the future.

The gist of these petitions, as analysed in the same report, was as follows:

The first series, comprising seven petitions, emanates from signatories living in the state of Syria properly so called, and are all in favour of a policy of unity. The second series, comprising five petitions, emanates from 'Alawiyīn and Ismā'īlīs living in the territory of the Government of Lādiqiyah. The authors of these petitions are hostile to unity and favour the autonomy or even the independence of their territory. The third series, comprising four petitions, emanates from Christians in the government of Lādiqiyah. Two are hostile and two favourable to unity. Two of the three petitions of the fourth series come from Sunnī Muslims of Lādiqiyah and of Jabalah and favour union with Syria. The third, signed by 'Uthmān-Zaydān in the name of the 'Alawī youth, is

<sup>1</sup> *Rapport 1933*, p. 9: Sunnīs 17 per cent., Christians 14 per cent., Ansariyah 69 per cent.

<sup>2</sup> Minutes of the Twenty-Fourth Session of the Permanent Mandates Commission, pp. 116–19.

dated from Banyas and expresses contrary aspirations. Lastly, the fifth series, comprising three petitions, shows even less homogeneity in the character of its signatories. The first, bearing more than 600 signatures, is dated from Tarabulus; the second, coming from a Muslim of Bayrūt, is signed 'For the Youth of Bayrūt', but bears only one signature, which the Mandatory Power tells us is that of the owner of a racing stable who has hitherto taken no part in politics. The last, dated from Bayrūt, bears the signatures of some fifty Muslim small traders, a few Druses and a few Orthodox Greeks. These three petitions are in favour of unity.

In short, and without analysing them now or adverting to the various demands unconnected with the central problem of future policy, all these petitions contain the following characteristics: the petitioners from Syria, properly so called, the representatives of the Muslim minority in the Government of Lādiqiyah and a few other Christian or Muslim elements of Lādiqiyah and Bayrūt are in favour of unity with or without explicit mention of decentralization. The 'Alawiyin of the Government of Lādiqiyah and the Christians and Ismā'ilis of the same region are hostile to the policy of unity and in favour of autonomy or independence with or without the collaboration of France.

The *rapporteur* made the following observations on the action to be taken, on the assumption that 'all the wishes of the petitioners contrary to the provisions of the mandate must be set aside', while 'the Mandatory Power' was 'free to satisfy any that' were 'in accordance with the mandate'.

The authority of the Mandatory Power in the Levant extends to Syria and the Lebanon. The frontiers separating these two countries from their neighbours have been fixed by international conventions. This is not the case with the frontiers separating these territories from each other. All that may be affirmed in accordance with the Covenant and the mandate is that, within the region entrusted to the mandate of France in the Levant, all that is not Syria is the Lebanon, and all that is not the Lebanon is Syria.

Consequently, to ask for independence for a territory which is neither Syria nor the Lebanon, as do certain petitioners in the Government of Lādiqiyah, is to express a wish contrary to the mandate, if by independence the petitioners mean the breaking of all connexion with Syria or the Lebanon.

Contrary to the mandate, too, would be the demand for the fusion of the Lebanon and Syria, since, according to Article 1 of the mandate, the Mandatory Power must 'enact measures to facilitate the progressive development of Syria and the Lebanon as independent states'.

Moreover, the mandate does not exclude—indeed, it actually calls for—the constitution of autonomous regions within the two mandated territories. The efforts of the Mandatory Power to establish local autonomy therefore seem fully in accordance, not only with Article 1 of the mandate, in which the Mandatory is asked to 'encourage local autonomy as far as circumstances permit', but also with the protection of minorities,

which it has to ensure under Article 8 of the mandate. The wishes of the petitioners, in so far as they relate to the establishment in Syria of a unitary state, thus seem as much contrary to the mandate as those of their opponents who would like independence to be granted to a territory which would be neither Syria nor the Lebanon.

In the light of these considerations, the Commission included the following passage in its report to the League Council:

The Commission,

Having taken cognisance of the petitions in five series regarding the general organization of the territories of the Levant under French mandate transmitted by the French Government in its letter of the 16th June, 1933;

Having heard, on the subject of these petitions, the accredited representative of the Mandatory Power at the present session, and bearing in mind the statements made by the High Commissioner for Syria and the Lebanon at its twenty-second session:

Considers that the petitioners' wishes for the creation in Syria of a unitary state as well as their wish that full independence should be granted to any part of the territory under mandate other than Syria or the Lebanon are contrary to the fundamental charter of the mandate;

Wishes the Mandatory Power all success in the difficult task in which it is engaged of reconciling the aspirations towards full independence of the populations placed under its tutelage with the guaranteeing of the rights and interests of the minorities among these populations.

Meanwhile, in Syria, the conversations on the subject of the projected treaty, which were resumed, in February 1933, between the French High Commissioner and the Syrian Government, were being carried on to the accompaniment of a rising tension of feeling. In April, they were interrupted by the resignation of the two nationalist members of the Damascus Cabinet; and none of the nationalist deputies took part in a session on the 8th May at which the moderate majority of the Chamber gave the Government a unanimous vote of confidence in their policy of proceeding with the treaty negotiations.<sup>1</sup> At this juncture Monsieur Ponsot fell ill; and the negotiations were not resumed until after the arrival of his successor, Monsieur de Martel, at Bayrūt on the 12th October, 1933. Thereafter, on the 3rd November, there was a new outbreak of violence at Damascus, which was followed on the 14th by the resignation of one of the two moderates in the Cabinet. It was in these circumstances that, on the 16th November, the Cabinet empowered the Prime Minister, Haqqī Bey al-'Azm, to sign the treaty, and that the Prime Minister duly gave it his signature on the same day.

<sup>1</sup> The vote of confidence was explicitly on this point. See the extract from the Syrian Government's foregoing declaration to the Chamber in the Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 56.

This treaty of friendship and alliance between France and Syria was accompanied by two protocols and two exchanges of letters, all signed on the 16th November, 1933, like the treaty itself.<sup>1</sup> A first draft of the text of the treaty, and the general sense of the subsidiary agreements foreshadowed in the accompanying protocols, seem to have been agreed upon between the French High Commissioner and the Syrian Government during the negotiations in the spring of 1933, while Haqqī Bey's two nationalist colleagues were still in office.<sup>2</sup>

The second of the two protocols was 'concerned with the programme to be carried out in the course of a preparatory period' (reckoned tentatively at four years) 'in order to assure by agreement, and within the framework of the Syrian Constitution, the development of existing institutions with a view to the progressive transfer of responsibilities to the Syrian Government;' and it was laid down in the treaty (Art. 10) that the agreements foreshadowed in this protocol were to come into force immediately after the ratifications of the treaty had been exchanged. This protocol provided that there were to be agreements on military questions and on the organization of the Syrian national army; on the financial questions envisaged in the text of the mandate; and on the position of French officials in the service of the Syrian state. The French Government were progressively to take the Syrian Government into partnership in the conduct of Syria's foreign affairs. There was to be a special agreement—to rank as an integral part of the treaty—on the working of the services of common interest between the territories embraced under the French mandate in the Levant; and 'the necessity for the existence' of these services was explicitly acknowledged by both the contracting parties. The Syrian Government undertook to work out, in agreement with the French Government, the organic laws and legislative acts which might be necessary for giving effect to the guarantees contained in the existing Constitution of the state of Syria in favour of individuals and communities, particularly in the matter of equality before the law, liberty of conscience, respect for religious interests and personal statute, freedom of thought, freedom of teaching, admission to public office, and the representation of religious minorities. Upon the fulfilment of the foregoing programme, and as soon as the rate of progress might allow, the French Government

<sup>1</sup> Texts of all five documents in *Rapport 1933*, pp. 189–95, and in *Oriente Moderno*, December 1933, pp. 607–12. In the latter place there is also printed an explanatory *communiqué* of the 19th November, 1933, from the French High Commissioner.

<sup>2</sup> Statement by Monsieur de Caix in the Minutes of the Twenty-Fifth Session of the Permanent Mandates Commission, p. 56.

were to use their good offices for obtaining the admission of Syria to membership of the League of Nations—the preparatory period being expected to extend to four years.

The admission of Syria to membership of the League, at whatever date this might be achieved, was to bring into force the treaty itself, as well as the agreements contemplated in the first of the two protocols attached to it (treaty, Art. 10). In this provision, the Franco-Syrian Treaty was deliberately drafted after the precedent of the Anglo-'Irāqī Treaty of the 30th June, 1930;<sup>1</sup> and it also followed the same precedent in many points of substance. For example, the Franco-Syrian Treaty was likewise to run (Art. 9) for twenty-five years; and in Articles 1, 2, and 4, which related to concerted action in diplomacy and war, the text corresponded closely with that of Articles 1, 2, 3, and 4 of the Anglo-'Irāqī Treaty.<sup>2</sup> Again, Article 5, like the article of the same number in the Anglo-'Irāqī Treaty, stipulated for the maintenance, during the currency of the treaty, of armed forces, belonging to the ex-mandatory Power, on the territory of the party formerly under mandate. In this article, however, the latitude for which the French were asking was wider; for the article contemplated the maintenance of French military, air and naval forces on Syrian territory, or in Syrian territorial waters, without the specification of any geographical limits, whereas in the corresponding article of the Anglo-'Irāqī Treaty the British forces were only to be stationed at air-bases which were to be leased to the British Government in certain specified districts along the desert fringe of the other party's country. There were also certain other points in which the draft Franco-Syrian Treaty imposed greater servitudes than had been imposed by the Anglo-'Irāqī Treaty upon the non-European contracting party. The French as well as the Syrian Government were to have a say (Art. 6.) in the question of how many French technical advisers, judicial officers and officials were to be employed by the Syrian Government, and what their powers were to be. The value of maintaining the arrangements

<sup>1</sup> For the text of this treaty see *Documents on International Affairs 1930*, pp. 132-9.

<sup>2</sup> The chief differences between the terms of the two treaties in this set of articles were (i) that the Franco-Syrian Treaty, unlike the Anglo-'Irāqī Treaty, provided that the other contracting party should be represented diplomatically, by the agents of the European contracting party, whenever she had no diplomatic representative of her own; and (ii) that in the Franco-Syrian Treaty the stipulation for concerted action in the event of war was couched in vague language which might possibly diminish, but might also possibly increase, the liabilities of the contracting parties if and when the contingency took effect.

actually in force, as between the several territories under French mandate in the Levant, for giving effect to their communities of economic interests was to be formally recognized by Syria (Art. 8). And the article guaranteeing the protection of minorities, which had been conspicuous by its absence in the Anglo-'Irāqī Treaty,<sup>1</sup> was not omitted in the French Government's draft, in which Article 7 was to the following effect:

The Syrian Government undertakes to maintain in force the permanent guarantees of public law which are laid down in the Constitution of the state of Syria in favour of individuals and communities, and to give full effect to these guarantees.

In the matter of the rights, and the personal statute, of racial and religious minorities, it undertakes to insure them a treatment in conformity with the general principles which have been accepted by the League of Nations in this connexion.

The first of the two protocols provided for the conclusion of the military agreements which were implied in Article 5 of the treaty, the agreement on officials which was contemplated in Article 6, and the judicial, financial and establishment agreements which were required by the terms of the mandate.

The two exchanges of letters were both concerned with the vexed question of the future relations between the state of Syria and the two governments of Lādiqīyah and the Jabalu'd-Durūz. The first pair of letters provided that, as soon as the exchange of ratifications of the treaty had taken place, the two governments should be brought under the authority of the state of Syria in the two matters of judicial appeals and the administration of *awqāf*. In the second pair of letters, the Syrian Prime Minister declared that the Syrian Government regarded the two territories as forming part of Syria, but recognized at the same time that the particular situation of these regions made it necessary to assure to them a special régime which ought to be an expression of the wishes of their inhabitants. The French Government, in reply, set forth their own point of view in the matter:

The French Government is prepared to examine, immediately before the moment when the request for the admission of Syria to membership of the League of Nations will be presented, the modifications that it may be feasible to make in the existing position of these two autonomous governments. This examination will extend both to the definition of the régime of these two governments and to the conditions in which the administrative and financial autonomy, now enjoyed by them, is to be maintained and guaranteed. Properly qualified representatives of the populations concerned will be invited to take part in this study,

<sup>1</sup> See the present volume, pp. 198 *seqq.*, 285-8, above.



and the conclusions that are reached will not be put into effect without their consent.

When the documents which had been signed on the 16th November, 1933, were made public on the 19th, and were officially communicated to the Syrian Chamber on the 20th, they raised a storm. The treaty was denounced on the general ground that it failed to confer true sovereignty upon Syria while it set the seal upon the forfeiture of her unity; and particular objection was taken to Articles 5 and 8. In Syrian eyes, Article 5 appeared to provide for a French military occupation of the whole territory of the Syrian state, while Article 8 would have the effect of retaining in French hands the control of Syrian customs, postal services and indirect taxes, which, under the existing arrangements, were all being administered as matters of common economic interest to all the territories embraced under the French mandate. When the Chamber met on the 21st November, feeling ran so high that the High Commissioner suspended the sittings till the 25th, in order to prevent a debate on the treaty before it had been referred to committee; and on the 24th he suspended the session altogether. On the 25th, there was a general strike in Damascus, accompanied by disorders in which a woman lost her life.<sup>1</sup> On the 26th, the President of the Syrian Republic withdrew the text of the treaty from the cognisance of the Chamber, at the High Commissioner's request.<sup>2</sup> On the 30th the High Commissioner decided to empower the President provisionally to promulgate decree-laws, especially in budgetary matters, under the supervision of the High Commissioner himself. This decision was put into execution in an *arrêté* of the 7th December.

Thus the relations between France and Syria fell into a deadlock again, as had happened so many times before; and this deadlock was still unresolved at the time of writing in March 1935. In the annals of the intervening fifteen months the only entries were incidents which contributed nothing towards a solution of the Syrian problem. In March 1934, the salaries of the Syrian deputies were reduced, and the secretary and other officers of the Chamber were dismissed, as a measure of economy. On the 25th May, 1934, there was a demonstration at Aleppo which resulted in a number of arrests,

<sup>1</sup> While the treaty was arousing these passions in Damascus, similar emotions were being aroused among the 'Alawiyin by the text of the first pair of letters, against which a strong protest was made, on the 22nd November, by the President, together with all the 'Alawī and Christian members, of the Administrative Council of the Government of Lādiqīyah (*Rapport* 1933, p. 10).

<sup>2</sup> Text of the High Commissioner's letter of the 24th November, 1933, in *Rapport* 1933, p. 7.

and these in turn evoked a general strike at Aleppo on the 26th and at Homs, Hamāh and Damascus, as well as Aleppo, on the 28th. On the 2nd November, 1934, the French High Commissioner promulgated an *arrêté*<sup>1</sup> suspending the activities of the Syrian Chamber *sine die*.

Thus the post-War Arab state of Syria found itself deprived of self-government—not to speak of sovereign independence—more than two years after the completion of the political emancipation of the adjoining Arab kingdom of 'Irāq. Yet at this date it would still have been premature for an 'Irāqī to count himself politically more fortunate than his Syrian neighbour, or for an Englishman to assume that the British Government in 'Irāq had been either more successful or more altruistic than the French in Syria in their manner of discharging their mandatory responsibilities. It remained to be seen whether 'Irāq's early taste of the sweets of independence was really more desirable than the long-drawn-out bitterness of Syria's disappointed expectations. The Syrian Sunnīs were being shielded, against their will, by the conservative cautiousness of the French, from experiencing, in relation to the Druses and 'Alawīyīn, those troubles which the 'Irāqī Sunnīs were encountering, at this very time, in their dealings with the local Assyrians and Shī'is,<sup>2</sup> with whom the British had left them at liberty to cope as best they could. And as for the Mandatory Powers, the French, when they were charged with a reactionary Imperialism by the Syrian Sunnīs, might comfort themselves with the thought that at any rate they had avoided laying themselves open to the accusation of having abandoned the Druses and the 'Alawīyīn to the fate to which the Assyrians had been abandoned by the British. In all these Middle Eastern countries, it was as important a part of the Mandatory Powers' duty to secure protection for the local minorities as it was to endow the local majorities with self-government; and, on this criterion, the Franco-Syrian Treaty of the 16th November, 1933, might not appear less statesmanlike, in retrospect, than the Anglo-'Irāqī Treaty of the 30th June, 1930.

#### (viii) The Definitive Settlement of the Frontier between 'Irāq and Syria

In previous volumes of this series,<sup>3</sup> the history of the frontier between Syria and 'Irāq has been carried down to the year 1928.

<sup>1</sup> Text in *Oriente Moderno*, December 1934, p. 570.

<sup>2</sup> See section (ii) (b) above.

<sup>3</sup> See the *Survey for 1925*, vol. i, Part III, section (ix); and the *Survey for 1928*, Part III B, section (ix).

There were two separate problems involved: the settlement of the frontier line itself; and the working out of satisfactory arrangements for collaboration between the authorities on either side for dealing with the seasonal migration, across the frontier, of nomadic pastoral tribes.

The frontier agreed upon in the Franco-British Convention of the 23rd December, 1920, had been an imaginary line drawn upon a map without sufficient knowledge or consideration of the actual conditions on the spot. Its most glaring defect was that it arbitrarily partitioned the Jabal Sinjār: an island of mountains, in the North Mesopotamian plain, which was inhabited by the single community of the Yazīdīs. Since the Yazīdīs were intimately associated with 'Irāq—their language being Kurdish and the principal shrine of their religion being situated at Ba'idrah, on the left bank of the Tigris, in 'Irāqī Kurdistan—the British Government had formed the opinion that it was desirable to modify the frontier-line of 1920 in such a way as to include the whole of the Jabal Sinjār in 'Irāq in exchange for equivalent rectifications of the line, in Syria's favour, in other sectors. After prolonged discussions, the two Mandatory Powers, in December 1931, submitted to the Council of the League of Nations a joint request that the Council should give an interpretation of Article 1 of the 1920 convention and should then indicate a frontier based upon this but modified in the light of those considerations that have been mentioned just above in the present paragraph. In proffering this request, the two Powers undertook that the frontier so indicated would 'be accepted by all concerned as a definitive solution of the frontier question'.

In response to this request, the Council, on the 9th December, 1931, took the decision to appoint a Commission to make recommendations to the Council after studying the question on the spot. The Commission, consisting of a Swiss chairman and a Spanish and a Swedish member, duly performed its task in April and May 1932, and presented its report in September. In four sectors out of five, the Commission's recommendations were unanimous; on the other hand, in the crucial Jabal Sinjār sector, the Spanish member recommended a line which was rather more favourable to Syria than the line here preferred by his two colleagues. After considering the Commission's report on the 3rd October, 1932, the Council referred it to the Permanent Mandates Commission. The latter body discussed the question on the 3rd November and took a non-committal line in view of the fact that in this case, as in other cases, they had been given no opportunity to study the situation on the spot at first

hand.<sup>1</sup> They did, however, report to the Council in favour of the Commission of Inquiry's report, albeit in rather negative terms, on the 9th November, and thereafter, on the 25th of the same month, the Council passed a resolution to the effect that it

Finally adopts for the settlement of the question of the frontier between 'Irāq and Syria the line unanimously suggested by the Commission of Inquiry set up by the Council resolution of the 9th December, 1931, and in the Sinjār area the line indicated by the majority of that Commission.

This decision was promptly accepted by the French Government; and on the 9th February, 1933, the French and 'Irāqī Governments made a joint request to the Council for the appointment of some national of a third country to serve as chairman of the Demarcation Commission which was to trace the frontier on the lines of the Council's resolution of the 25th November, 1932. The President of the Council appointed Colonel Iselin (Switzerland) the second chairman of the Commission of Inquiry.<sup>2</sup> The Delimitation Commission completed its work on the 31st July, 1933;<sup>3</sup> and, by an unforeseen coincidence, the date of transfer of territory from 'Irāq to Syria on the sector of the frontier adjoining the Tigris—a transfer which was due to take place as soon as the work of demarcation was completed—had a bearing upon the tragic history of the Assyrian trek from the east to the west bank of the Tigris in July and August 1933. This point has already been dealt with in a previous chapter of the present volume.<sup>4</sup>

This settlement of the frontier-line was accompanied by further progress in the arrangements for collaboration in dealing with frontier problems. In August 1932, 'arrangements were made for the 'Irāqī Qā'im-maqām at 'Anah to hold regular monthly meetings with the French Special Service Officer at Abu Kamāl for the settlement of minor frontier incidents. Similar meetings of the Mutasarrif of Ramādī and the French Délégué at Dayr-az-Zūr were also arranged to take place half-yearly to deal with matters not disposed of by the

<sup>1</sup> Minutes of the Twenty-Second Session of the Permanent Mandates Commission, pp. 18–19.

<sup>2</sup> The first chairman, Colonel de Reynier (Switzerland), had lost his life on the 29th March, 1932, in an aeroplane accident *en route* from Bayrūt to Baghdad.

<sup>3</sup> A slight difference of opinion which arose between the two parties was surmounted by an arbitral decision which was rendered by the chairman of the Commission on the 15th May, 1933, and was embodied in a Franco-'Irāqī agreement of the 3rd July, 1933 (text in *League of Nations Official Journal*, September 1933, p. 1065).

<sup>4</sup> In section (ii) (b) (3) of this part, above, pp. 160, 162.

Special Service Officer of Abu Kamāl and the Qā'im-maqām of 'Anah'.<sup>1</sup>

**(ix) The Settlement of the Frontiers between the Lebanon and Syria on the one hand and Palestine and Transjordan on the other**

In a previous volume<sup>2</sup> it has been recorded that the boundary between the French mandated territories of the Lebanon and Syria on the one hand and the British mandated territories of Palestine and 'Irāq on the other hand was laid down, from Cape Naqūrah on the coast of the Mediterranean to a point on the right bank of the Tigris opposite the village of Fēsh Khabūr, in an Anglo-French convention of the 23rd December, 1920. This convention dealt with the boundary from end to end, but this only in a rough and ready way; and it was subsequently found necessary to readjust the line in certain places in the light of administrative experience in the border districts. This more detailed and more closely considered settlement was carried out in three sections.

The first section to be settled was that between the Lebanon and Syria on the one hand and Palestine Proper on the other from Cape Naqūrah to the village of Hammah on the right bank of the River Yarmuk. In regard to this section, an Anglo-French Boundary Commission presented, on the 3rd February, 1922,<sup>3</sup> a report which was adopted by the two Mandatory Powers in an agreement of the 7th March, 1923.<sup>4</sup> By an oversight, it was not till the 30th January, 1932, when the question came up (in connexion with the settlement of the adjoining section) at a meeting of the League Council, that steps were taken to obtain the Council's approval of this action on the part of the two Mandatory Powers. Thereafter, on the 15th February, 1934, the French and British Governments duly—if belatedly—solicited the Council's approval for the agreement of the 7th March, 1923; and thereupon, on the 14th May, 1934, the Council invited the Permanent Mandates Commission to inform it of its opinion on the line fixed in this agreement from the point of view of the execution of the mandates. The Mandates Commission considered the matter during its twenty-fifth session (30th May–12th June, 1934) and reported to the Council that the agreement of the 7th March, 1923, delimited, with slight changes, the western section of the frontier-line defined by the convention of the 23rd December, 1920, and that, 'during the eleven years which' had 'elapsed since

<sup>1</sup> British Government's *Report on 'Irāq for the year 1932*, pp. 16–17.

<sup>2</sup> *The Survey for 1925*, vol. i, p. 465.

<sup>3</sup> *Op. cit.*, p. 362.

<sup>4</sup> Text in British Parliamentary Paper *Cmd.* 1910 of 1923.

the coming into force of this agreement, the Commission' had 'had no occasion to note any disadvantages arising in connexion with the present frontier-line from the standpoint of the administration of the mandated territories concerned, or from that of the interests of the local populations'.

In the next section, between the French mandated territory of Syria on the one hand and the Transjordanian portion of the British mandated territory of Palestine on the other, a definitive settlement was more difficult to arrive at. In this section, the parties had to strike a balance between three desiderata: 'not to disturb the populations in the exercise of their rights and customs; to increase security by facilitating administration; and to ensure, in the present and the future, the security of the vital communications between 'Irāq and Transjordan towards the Mediterranean'.<sup>1</sup> In the first two of these three matters, the situation on this section of the border was not unlike that on the third section, which divided Syria from 'Irāq.<sup>2</sup> The frontier here ran through the borderland between the nomads of the steppe, whose seasonal migrations to and fro across the frontier had to be provided for,<sup>3</sup> and certain sedentary populations constituting historic wholes that could not be arbitrarily partitioned without great injustice and hardship. The rough-and-ready line of 1920, which had partitioned the Yazīdī community in the Jabal Sinjār in the section between the Tigris and the Euphrates,<sup>4</sup> had inflicted the same wrong upon the Druse community in the Jabalu'd Durūz in the section now in question between the Hamād and the Yarmuk. In the Jazīrah section, a solution was found, as is recorded in another chapter,<sup>5</sup> on the lines of a readjustment of the 1920 frontier which had the effect of reuniting the whole Yazīdī community within the borders of 'Irāq. On the same principle, the middle section of the 1920 frontier was readjusted in such a way as to reunite the whole Druse community within the borders of the French mandated territory.<sup>6</sup> Thus the principle which worked out to the territorial disadvantage of the French mandated territory on one sector worked out to its advantage on another.

An Anglo-French agreement for a readjustment of the middle section of the 1920 frontier, in the sense indicated above, was em-

<sup>1</sup> Statement made to the League Council by its *rapporteur*, Monsieur Fotić (Jugoslavia), on the 30th January, 1932.

<sup>2</sup> For the history of the settlement of this section, see the *Survey for 1925*, vol. i, Part III, section (ix); the *Survey for 1928*, Part III B, section (viii).

<sup>3</sup> See the *Survey for 1930*, p. 316.

<sup>4</sup> See p. 302, above.

<sup>5</sup> See the present volume, section (viii) of this part above.

<sup>6</sup> *Rapport sur la situation de la Syrie et du Liban (Année 1931)*, p. 12.

bodied in a protocol of the 31st October, 1931;<sup>1</sup> and on the 10th and 11th November of the same year 'a joint request relating to the question of the settlement of the frontier between 'Irāq and Transjordan on the one hand and Syria and the Jabalu'd-Durūz on the other' was addressed to the League Council by the French and British Governments. The eventual settlement of the Syro-'Irāqī frontier is recorded in the chapter of this volume that has been referred to above.<sup>2</sup> In regard to the Syro-Transjordanian frontier, a further joint request from the French and British Governments—this time, for approval of the protocol of the 31st October, 1931—was considered and complied with by the Council on the 30th January, 1932.

The revised frontier in this section, which was thus confirmed, was demarcated in the course of the year 1932.<sup>3</sup>

The protocol of the 31st October, 1931, had an annex<sup>4</sup> providing for the conclusion of a separate agreement to regulate the passage of the frontier by the two parties' respective nationals, nomad and sedentary, on their lawful occasions. This agreement on frontier relations and *bon voisinage* had not been concluded up to the end of the year 1934.

### (x) Relations between Transjordan and Sa'ūdī Arabia

In a previous volume,<sup>5</sup> the history of relations between Transjordan and the united kingdom of the Najd-Hijāz or Sa'ūdī Arabia has been carried down to May 1927, when notes were exchanged at Jiddah between a representative of the British Government, Sir Gilbert Clayton, and King 'Abdu'l-'Azīz, in which Sir Gilbert Clayton put on record the British Government's view of the position of the frontier between Transjordan and the Hijāz,<sup>6</sup> while the King put on record his dissent from this view but at the same time signified his willingness 'to maintain the *status quo* in the Ma'ān-'Aqabah district' and promised 'not to interfere in its administration until

<sup>1</sup> Text in *League of Nations Official Journal*, March 1932, pp. 799-800; in *Report on the Administration of Palestine and Transjordan for the year 1931*, pp. 207-9; and in *Rapport sur la situation de la Syrie et du Liban (Année 1931)*, pp. 190-2.

<sup>2</sup> See the present volume, section (viii) of this part, above.

<sup>3</sup> *Rapport sur la situation de la Syrie et du Liban (Année 1931)*, p. 10.

<sup>4</sup> Text in *League of Nations Official Journal*, March 1932, p. 800; *Report on the Administration of Palestine and Transjordan for the year 1931*, pp. 209-10; *Rapport sur la situation de la Syrie et du Liban (Année 1931)*, p. 193.

<sup>5</sup> *The Survey for 1928*, p. 287.

<sup>6</sup> The frontier between Transjordan and the Najd had already been settled by agreement in the Treaty of Haddā, signed on the 2nd November, 1925 (see the *Survey for 1925*, vol. i, pp. 343-4).

favourable circumstances' should 'permit a final settlement of this question'.

Thereafter, in 1929, 'by an agreement with King Ibn Sa'ūd and the Amīr 'Abdu'llāh, it was arranged that outstanding claims in respect of inter-tribal raids between Transjordan and the Hijāz-Najd which had taken place since the conclusion of the Haddā Agreement in November 1925 should be referred to His Britannic Majesty's Government for decision in their absolute discretion'.<sup>1</sup> The judgment, which was announced in August 1931, 'was that all claims up to the 1st August, 1930, should be mutually abandoned', while, 'with regard to raiding claims which arose subsequent to the 1st August, 1930, an arrangement was made that local representatives of the two Governments should meet on the frontier and make recommendations to their respective Governments for the liquidation of these claims'.<sup>2</sup>

In May 1932, a fresh strain was placed upon Transjordanian-Sa'ūdī relations through an invasion of the north-western corner of the Hijāz by a band of Hijāzī exiles—belonging to the Bilī and Huwaytāt tribes and led by the Bilī chief Ibn Rifādah—who had been refugees in Egyptian territory, in the Sinai Peninsula, ever since the overthrow of the Hāshimī régime in the Hijāz by the Sa'ūdī Power in the war of 1924-5.<sup>3</sup> The preparations that were being made by these refugee partisans of the House of Hāshim for their desperate venture came to the knowledge of the Sa'ūdī Government before they were complete; and the Sa'ūdī Government informed the British authorities, who were concerned in as much as Ibn Rifādah's force was being organized on Egyptian territory and would have to traverse a corner of Transjordanian territory in order to make its way from its Egyptian point of departure to its Hijāzī objective. At the time the British Government did not take the warning very seriously. As soon, however, as Ibn Rifādah actually went on the war-path, the Sa'ūdī Government were apprised of the movement by the British Legation at Jiddah,<sup>4</sup> and, expecting the invasion as they did, they were able to take prompt measures. While armed forces were concentrated towards the north-west, seven prominent partisans of the Hāshimīs in Mecca, and ten at Jiddah,

<sup>1</sup> British Government's *Report on the Administration of Palestine and Transjordan for the year 1930* (London, 1931, H.M. Stationery Office = *Colonial No. 59*), p. 195.

<sup>2</sup> British Government's *Report on the Administration of Palestine and Transjordan for the year 1931* (London, 1932, H.M. Stationery Office = *Colonial No. 75*), p. 170.

<sup>3</sup> See the *Survey for 1925*, vol. i, Part III, section (v).

<sup>4</sup> *Oriente Moderno*, July 1932, p. 346.



were interned in the Najd, and two other persons were expelled from the Sa'ūdī dominions.<sup>1</sup> The Transjordanian Government, for their part, co-operated with the Sa'ūdī Government by enforcing certain special measures from the middle of June 1932 to the early part of September. 'The export of foodstuffs to Sa'ūdī Arabia was prohibited; and, to prevent unauthorized persons entering or leaving the Hijāz, a Special Zone was declared to a depth of some thirty miles from the Hijāz frontier, to enter which a permit was required.'<sup>2</sup> Finally, on the 31st July, the revolt was crushed in a battle at Dabā in which 370 of Ibn Rifādah's followers were killed, while the leader himself was beheaded.<sup>3</sup> Ibn Rifādah's insurrection was manifestly of little importance in itself; but it left its mark upon Sa'ūdī-Transjordanian relations; for, when invading the Hijāz from their Egyptian asylum, the Hijāzī exiles had traversed a corner of the territory of Transjordan, in the immediate hinterland of 'Aqabah, without being intercepted by the Transjordanian authorities; and this was noted and resented by the Sa'ūdī Government, in view of the warning which they had given, in advance, of Ibn Rifādah's intentions.

In 1933, however, energetic steps were taken to improve the relations between the two countries. On the 1st April, 1933, the Amīr 'Abdu'llāh and King 'Abdu'l-'Azīz officially recognized one another's Governments; in the same month, at Jiddah, negotiations were opened for a treaty of friendship and *bon voisinage*<sup>4</sup> which was signed on the 27th July (ratifications being exchanged on the 21st December); and on the 3rd August the two states agreed to the cancellation of all claims on account of damages inflicted in raids which had occurred between the 1st August, 1930, and the 27th July, 1933. The cumulative effect of these measures was a distinct improvement in relations, in spite of the fact that the Transjordanian-Hijāzī frontier still remained unsettled.

### (xi) Relations between the Yaman and Great Britain

In a previous volume<sup>5</sup> the history of the relations between the Zaydī Government of the Imām Yahyā and the British Government has been carried down to the Imām's overtures, in September 1928,

<sup>1</sup> *Oriente Moderno*, August 1932, pp. 385-6.

<sup>2</sup> British Government's *Report on the Administration of Palestine and Transjordan for the year 1932* (London, 1933, H.M. Stationery Office = *Colonial No. 82*), p. 203.

<sup>3</sup> *Oriente Moderno*, August 1932, p. 386.

<sup>4</sup> Text of treaty, with the protocol on arbitration and the schedule attached, in the British Government's *Report on the Administration of Palestine and Transjordan for the year 1934*, pp. 300-7, and in the British Parliamentary Paper *Omd.* 4691 of 1934.

<sup>5</sup> *The Survey for 1928*, p. 317.

for the negotiation of a settlement between the two Powers. These overtures were followed up, in October 1931, by proposals for a treaty, which commended themselves to the British Government as providing 'a suitable foundation for treaty negotiations'.<sup>1</sup> In the meantime, however, the Imām had reoccupied part of the Awdālī country, within the boundaries of the British Aden Protectorate, from which he had been expelled by British air operations in 1928, and had seized about forty hostages. This hostile act did not deter the British Government from entering into negotiations with the Imām; but on the 28th June, 1933, it was announced in the House of Commons at Westminster, by the Under-Secretary for the Colonies, that 'the release of the remaining prisoners<sup>2</sup> had been made an absolute condition of the signing of a treaty' and that 'the recovery of the Awdālī territory had been definitely linked up with the treaty negotiations'. The Under-Secretary went on to say that 'His Majesty's Government had laid down three conditions for the signing of the treaty. First, the evacuation of all the Protectorate territory; secondly, the release of the Protectorate tribesmen; thirdly, the removal of restrictions on trade between Yaman and the Protectorate. He understood that the Imām had agreed to the first two conditions, but up to now no satisfactory answer had been received from him in respect of the last.'

An Anglo-Yamanī treaty of friendship and mutual co-operation<sup>3</sup> was eventually signed at San'ā on the 11th February, 1934 (ratifications being exchanged at the same place on the 4th September of the same year). In the first of the seven articles, King George recognized the complete independence of King Yahyā and his kingdom. The second article provided that there should always be peace and friendship between the parties, and that they should maintain good relations with each other in every respect. The third ran as follows:

The settlement of the question of the southern frontier of the Yaman is deferred pending the conclusion, in whatever way may be agreed upon by both high contracting parties in a spirit of friendship and complete concord, free from any dispute or difference, of the negotiations which shall take place between them before the expiry of the period of the present treaty.

Pending the conclusion of the negotiations referred to in the preceding

<sup>1</sup> Statement in the House of Commons at Westminster, on the 16th July, 1932, by the Under-Secretary for War.

<sup>2</sup> Of the original forty, 'one was reported to have died, two had escaped, and nine had been released' by the 28th January, 1933.

<sup>3</sup> English and Arabic texts in British Parliamentary Paper *Cmd.* 4752 of 1934.

paragraph, the high contracting parties agree to maintain the situation existing in regard to the frontier on the date of the signature of this treaty, and both high contracting parties undertake that they will prevent, by all means at their disposal, any violation by their forces of the above-mentioned frontier, and any interference by their subjects, or from their side of that frontier, with the affairs of the people inhabiting the other side of the said frontier.

Since the treaty was to run for forty years from the date of the exchange of ratifications (Art. 7), the third article provided for a peaceful maintenance of the territorial *status quo* for as long a period in the future as it was practicable to take into account.

**(xii) The Dispute between Sa'ūdī Arabia and the Yaman over 'Asīr and Najrān, and the Arabian Seven Weeks' War (1931-4)**

The destruction of the Hāshimī Power in the Hijāz<sup>1</sup> and the establishment of a Najdī protectorate over a remnant of the Idrisiyah principality of Sabyā, in Southern 'Asīr,<sup>2</sup> had brought the expanding Sa'ūdī Power into immediate contact with the Zaydī Imamate in the Yaman, and had left these two Powers face to face as the two sole surviving sovereign states in the whole of the Arabian Peninsula west of the Rub'u'l-Khālī. From that time onwards there were perpetual expectations of a struggle between King 'Abdu'l-'Azīz b. Sa'ūd and the Imām Yahyā for the hegemony of all Arabia; but these expectations were repeatedly falsified and, when the war did break out at last in the spring of 1934, the victor's peace terms were as moderate as his victory was rapid. The peace settlement left the two Arabian Powers both on the political map and each in possession of its full sovereign independence *vis-à-vis* the other, while there was a distinctly perceptible *détente* in their relations—as though the thunder-storm, when it burst at last, had really cleared the air.

In certain respects the two Arabian Powers presented a piquant contrast. The Zaydī masters of the Yaman were Shī'īs, whereas the Sa'ūdī masters of the Najd-Hijāz were Sunnis of the extreme puritanical Wāhhābī sect. A majority of the Yamanīs were highlanders and sedentary cultivators, while a majority of the inhabitants of the Najd-Hijāz were steppe-dwellers and nomadic stock-breeders. The subjects of Ibn Sa'ūd were scattered sparsely over a vast extent of mostly inhospitable territory, while the dominions of the Imām, which were insignificant in area by comparison, actually supported,

<sup>1</sup> For the Najdī-Hijāzī War of 1924-5 see the *Survey for 1925*, vol. i, Part III, section (v) (c).

<sup>2</sup> See *op cit.*, pp. 585-6, and the *Survey for 1928*, pp. 319-20.

on the terraced flanks of mountains visited by the monsoon, a dense population which was probably not much less numerous than that of Sa'ūdī Arabia. Of these contrasts, the religious difference made for war but the others for peace—since the difference in geographical extent, in combination with the difference in density of population, resulted in a substantial equality in man-power, while a conflict between equal forces of highlanders and badu was likely to be as inconclusive as the legendary battle between the elephant and the whale.

Moreover, there were also certain points of resemblance in the situations of the two Powers which likewise told in favour of peace. For example, the Zaydīs and the Wahhābīs were no more than the ruling element in their respective dominions; and both the Imām Yahyā and King 'Abdu'l-'Azīz had to reckon with alien and seditious subjects who might seize the opportunity of a foreign war to throw off an irksome yoke. In 1928, for example, the Imām had to cope with the Sunnī tribal confederacy of the Zarānīq in the Southern Tihāmah,<sup>1</sup> while Ibn Sa'ūd's rule had been challenged by repeated rebellions, culminating in the insurrection of Faysalu'd-Dawīsh and Farhān b. Mashhūr in Hasā at the turn of the years 1929 and 1930<sup>2</sup> and the insurrection of Ibn Rifādah in Northern Hijāz in 1932.<sup>3</sup> In their foreign relations, again, the two Arabian Powers had each two fronts to think of. Ibn Sa'ūd marched not only with the Zaydī Power on the south, but also, on the north, with the two Hāshimī states of 'Irāq and Transjordan, which had not been involved in the fall of the Hāshimī Kingdom of the Hijāz, and whose rulers, King Faysal and the Amīr 'Abdu'llāh, could not readily forget that their new southern neighbour, Ibn Sa'ūd, had recently ousted their father, King Husayn, and their brother, King 'Alī, from the ancestral patrimony of the Hāshimī house. Similarly, the Imām marched not only with the Sa'ūdī Power on the north but also, on the south, with the British Empire; and his unprovoked and obstinate encroachment upon the fringes of the British Aden Protectorate had led to his being driven back to the line of the pre-war Anglo-Ottoman frontier as a result of British air operations in the summer of 1928.<sup>4</sup> Throughout the years under review in the present chapter, both the Aden-Yamanī frontier and the Transjordanian-Hijāzī frontier remained mere *de facto* boundaries, maintained by British military force, without having yet been settled by mutual agreement. At the same time, in the course of

<sup>1</sup> See the *Survey for 1928*, pp. 317–18.

<sup>2</sup> See the *Survey for 1930*, pp. 178–80.

<sup>3</sup> See the present volume, section (x) of this part, above.

<sup>4</sup> See the *Survey for 1928*, p. 316.

these years, both the Imām Yahyā's relations with Great Britain and King 'Abdu'l-'Azīz's relations with the two surviving Hāshimī states considerably improved;<sup>1</sup> and this *détente* on their respective opposite frontiers may have inclined the King and the Imām to become stiffer in their relations with one another. At any rate, the signature of the Anglo-Yamanī treaty of the 11th February, 1934, was immediately followed by a fresh access of intransigence, on the Imām's part, in his dealings with Ibn Sa'ūd; and whether or not the Najdīs correctly interpreted the facts in arguing from *post hoc* to *propter hoc* in this case, it is certain that this unfortunate turn in the Imām's policy, whatever its cause, did precipitate the war between the Yaman and Sa'ūdi Arabia which broke out a few weeks later.

The principal causes of this war are to be found in the local situation on the borders between the two Arabian empires, and it will be convenient to trace the changes in this situation from the point to which the narrative has been carried down in previous volumes.

The Sa'ūdi protectorate under which the Idrīsiyah principality had passed in 1926 had been petitioned for by the reigning Idrīsī Sayyid in order to save the remnant of his dominions from being conquered by the Imām, who had taken the opportunity of the Najdī-Hijāzī War of 1924-5 to extend his own dominions at the Idrīsī's expense while the other two Arabian Powers were pre-occupied with their struggle with one another.<sup>2</sup> In granting his protectorate, Ibn Sa'ūd had been careful to limit its range to the territories which were under the Idrīsī's authority at the time *de facto*; and the result was a virtual partition of the *ci-devant* Idrīsīyah domain between Sa'ūdi Arabia and the Yaman; for the Imām retained the conquests which he had already made at the Idrīsī's expense in the Southern Tihāmah, including the two ports of Luhayyah and Hudaydah, while in 1930 Ibn Sa'ūd converted his protectorate over the northern remnant of the principality into a régime which reduced the Idrīsī to a cipher and placed the province under the direct administration of Ibn Sa'ūd's own officers.<sup>3</sup> Thenceforward, the two surviving Arabian Powers marched with one another directly both on the Tihāmah and on the crest of the plateau which rises abruptly from the coastal plain; and they were also in contact in the interior, in the district of Najrān, where the plateau gradually falls away eastward towards the Rub'u'l-

<sup>1</sup> For the improvement in Sa'ūdi-'Irāqī relations see section (ii) (c) of this part above; for the improvement in Sa'ūdi-Transjordanian relations see section (x) above; for the improvement in relations between the Yaman and Great Britain see section (xi) above.

<sup>2</sup> See the *Survey for 1925*, vol. i, pp. 321-3; and the *Survey for 1928*, pp. 319-20.

<sup>3</sup> See the *Survey for 1930*, p. 172, footnote 3.

Khāli.<sup>1</sup> The result was to place Sa'dah, the cradle of the Imām's dynasty and the second city of the Zaydī highlands, in a perilously exposed salient flanked by Wāhhābī outposts on either side. The boundaries on the Najrān side were uncertain; and when those on the 'Asīr side were disturbed by an insurrection against Ibn Sa'ūd's authority, the whole situation along the border between the two Powers became unstable. This instability, taken together with the tiresomeness of the Imām as a neighbour (a characteristic with which both the Turks and the British had previously become familiar), is enough to explain the trouble that now followed between the Imām and Ibn Sa'ūd.

The conciliatory mission which the Imām sent to Mecca in the spring of 1928<sup>2</sup> did not succeed in negotiating a settlement of the questions then outstanding between the two parties;<sup>3</sup> and the next event was the occupation, in the summer of 1931, of the 'Asīrī border-district of Jabal al-'Arw by Zaydī forces who took hostages and incited the tribes to repudiate their allegiance to Ibn Sa'ūd. At the end of negotiations which dragged on till the close of the calendar year, Ibn Sa'ūd waived his claim to the district, in the Imām's favour.<sup>4</sup> This settlement was followed by the signature, on the 15th December,<sup>5</sup> 1931, of a treaty of amity and *bon voisinage* between the two Powers.<sup>6</sup> The following articles of this treaty deserve quotation on account of their bearing upon subsequent events:

Art. 2. Each of the two states shall be bound to hand over to the other any persons guilty of offences, whether political or non-political, who may cross the frontier after the conclusion of this agreement, when their Government demands their extradition.

Art. 3. Each of the two states shall be bound not to harbour any person, great or small, in the public service or in a private station, who is seeking to evade the jurisdiction of his own state, and shall be bound to hand him back immediately to the state to which he belongs.

Art. 7. Officers and administrators are forbidden to meddle with the subjects [of the parties] in matters likely to cause disturbance and to produce misunderstandings between the two states.

<sup>1</sup> See the *Survey for 1928*, p. 318.

<sup>2</sup> *Op. cit.*, *loc. cit.*

<sup>3</sup> For the failure of this mission see the Sa'ūdī *Green Book* published on the 28th April, 1934, Docs. 7-10, summarized in *Oriente Moderno*, May 1934, p. 246.

<sup>4</sup> *Green Book*, summarized in *Oriente Moderno*, May 1934, pp. 246-7, and June 1934, p. 301.

<sup>5</sup> This was the date according to *Oriente Moderno*, *loc. cit. infra*. On the other hand, *The Times*, in reporting the conclusion of the treaty on the 24th December, 1931, gives the date of signature as the 14th. Presumably this discrepancy arises from the fact that the Sa'ūdī version of the Islamic calendar differed, by one day, in its reckoning from the version in use elsewhere.

<sup>6</sup> Text in *Oriente Moderno*, March 1932, pp. 130-1.

Art. 8. Any of the subjects of either party who may be resident in the other party's dominions after the conclusion of this agreement shall be handed over to his own Government immediately upon that Government's demand.

In the telegraphic exchange of the ratifications of this treaty, the Imām asked Ibn Sa'ūd to send a mission to San'ā to settle certain outstanding minor questions, and Ibn Sa'ūd agreed; but the despatch of this mission was anticipated by the outbreak of Ibn Rifādah's revolt in the Northern Hijāz in May 1932,<sup>1</sup> and by the Sa'ūdī Government's discovery that a number of fugitive rebels from the Sa'ūdī dominions had found asylum in the Imām's dominions, at Luhayyah, and were there carrying on their hostile activities against the Sa'ūdī régime. To a protest from Ibn Sa'ūd on this point, the Imām replied by making a courteous denial of the charge.<sup>2</sup> In the autumn of 1932 Ibn Sa'ūd proposed negotiations for a comprehensive settlement, and the proposal was accepted by the Imām;<sup>3</sup> but action was once again delayed—this time by the outbreak of the Idrīsī's insurrection in 'Asīr against Ibn Sa'ūd's domination.

The insurrection opened<sup>4</sup> with an attack, by 'Asīrī tribesmen acting at the Idrīsī Sayyid Hasan's instigation, upon the Sa'ūdī garrison in the port of Jayzān. The first shots were fired on the 4th November, 1932; and on the 7th the Idrīsī entered the town and imprisoned the Sa'ūdī amīr, who had been the *de facto* ruler of the Idrīsīyah principality since November 1930.<sup>5</sup> When the Idrīsī telegraphed to King 'Abdu'l-'Azīz confessing what he had done but making accusations against the Amīr Fahd b. Zu'ayr and protesting his own loyalty, Ibn Sa'ūd proposed to send a commission of inquiry, and the Idrīsī agreed; but the commissioners reported that they had found his preparations for resistance in full swing—whereupon a Sa'ūdī force reoccupied Jayzān on the 17th November, while the Idrīsī retreated to Sabyā. Before the end of February 1933, Sabyā, which was the seat

<sup>1</sup> See the present volume, section (x) of this part, pp. 307–8, above.

<sup>2</sup> *Green Book*, Docs. 18–22, summarized in *Oriente Moderno*, June 1934, p. 301.

<sup>3</sup> *Green Book*, Docs. 23–4, summarized in *Oriente Moderno*, June 1934, p. 302.

<sup>4</sup> See the official *communiqué* printed in the *Sawtu'l-Hijāz* of Mecca on the 21st November, 1932, which is translated in *Oriente Moderno*, December 1932, pp. 603–4. See also the documents printed in the *Ummu'l-Qurā*, 2nd December, 1932, which are translated in *Oriente Moderno*, January 1933, pp. 45–6. The same issue of the *Ummu'l-Qurā* contains information (translated in *Oriente Moderno*, January 1933, p. 49) which purports to show that the Idrīsī's revolt had been instigated by the Amīr 'Abdu'llāh of Transjordan. For the Idrīsī's own account of the origin of his revolt see the interview with him, in *Al-Muqattam* of Cairo, 10th February, 1933, which is reprinted in *Oriente Moderno*, March 1933, p. 145.

<sup>5</sup> See the *Survey for 1930*, p. 172, footnote 3.

of the Idrīsiyah dynasty, had been reoccupied likewise, and the Idrīsī Sayyid, with a number of his followers, had fled just over the border into the territory of the Imām; but the resulting situation was inconclusive; for the Idrīsī had escaped capture and the tribes which had supported him were still defying the Sa'ūdī Power from mountain fastnesses, on the Sa'ūdī side of the frontier, from which the Sa'ūdī forces were unable to dislodge them.<sup>1</sup>

While the fighting in 'Asīr between the rebels and the Sa'ūdī forces had been taking place, the Imām had maintained neutrality and had sent Ibn Sa'ūd a not unfriendly telegram.<sup>2</sup> Upon the Idrīsī's flight into the Imām's territory, a telegraphic correspondence began between the Imām and Ibn Sa'ūd: Ibn Sa'ūd demanding the extradition of the fugitive and his companions; the Imām asking for an amnesty for them; Ibn Sa'ūd replying that he had already given instructions to that effect and pressing the Imām to hand the refugees over.<sup>3</sup> This correspondence was followed by a conference between representatives of the two Arab rulers at Midī, in the Imām's territory. On this occasion a settlement appears to have been prevented<sup>4</sup> by the insistence of the Idrīsī's representatives upon the restoration of the *status quo ante* November 1930 and *post* October 1926:<sup>5</sup> i.e., a return to a genuine protectorate under which the Idrīsīyah principality would once more enjoy a local autonomy instead of continuing to be incorporated, as it had been *de facto*, into Ibn Sa'ūd's direct dominions. Thereafter, on the 14th April, 1933, it was officially announced,<sup>6</sup> on the Sa'ūdī Government's part, that King 'Abdu'l-'Azīz had agreed—notwithstanding the terms of the Sa'ūdī-Yamanī treaty of the 15th December, 1931—that the Idrīsī Sayyid should be allowed to reside in the Imām's territory, at some place of the Imām's choosing, under a guarantee from the Imām for his good behaviour, and that there he should receive a monthly pension from Ibn Sa'ūd.

After this Ibn Sa'ūd made another attempt to arrive at a comprehensive settlement of outstanding issues, and arranged with the Imām

<sup>1</sup> See the information published in *Oriente Moderno*, March 1933, pp. 143-5. The previous fighting seems to have been severe, and the Sa'ūdī losses included both Khalid b. Lu'ayy and his son (*Oriente Moderno*, January 1933, p. 49, and March 1933, p. 145).

<sup>2</sup> Text of exchange of telegrams in *Oriente Moderno*, January 1933, pp. 46-7, from the *Ummu'l-Qurā*, 2nd December, 1932.

<sup>3</sup> See *Oriente Moderno*, March 1933, p. 143, and April 1933, p. 212.

<sup>4</sup> *Al-Muqattam* of Cairo, 14th March, 1934, translated in *Oriente Moderno*, April 1933, pp. 211-12.

<sup>5</sup> See the *Survey for 1925*, vol. i, pp. 584-6; the *Survey for 1928*, pp. 319-20; and the *Survey for 1930*, p. 172, footnote 3.

<sup>6</sup> In the *Ummu'l-Qurā* of that date, which is translated in *Oriente Moderno*, May 1933, pp. 269-70.



to send a mission to the Yaman with this object; but, from the moment of their arrival at the Yamanī frontier in the Tihāmah in the first week in May 1933 down to the moment of their departure from San'ā in the first week in August, the members of this Sa'ūdī mission appear to have met with perpetual obstruction.<sup>1</sup> The mission eventually came home without having accomplished anything; and, in the meanwhile, the relations between the two Powers were further disturbed by a forward move, on the Imām's part, in Najrān, where the situation had remained indeterminate since the first conflict of Zaydī and Sa'ūdī influences in 1926. In the second half of May 1933, the Zaydī forces conquered the North-West Najrānī territory of the Ismā'īlī tribe of Yām;<sup>2</sup> and this Zaydī conquest of a district to which Ibn Sa'ūd laid claim was at the same time a threat to the security of the Sa'ūdī Government's hold upon 'Asīr, since the conquered territory lay within striking distance of the South 'Asīrī highlands where the insurgent tribesmen had been successfully defying the Sa'ūdī authorities. After the return of his envoys from San'ā, Ibn Sa'ūd once more attempted to obtain a settlement by telegraphic correspondence; but the Imām's replies to his telegrams were evasive; and at last, on the 14th November, 1933, Ibn Sa'ūd gave orders for a concentration of troops on the Yamanī frontier and at the same time requested the Imām to give him satisfaction on three definite points: the conclusion of a treaty confirming the frontiers as they stood; the extradition of the Idrīsī Sayyid Hasan; and the settlement of the question of Najrān.<sup>3</sup> On the 2nd December, 1933, Ibn Sa'ūd declared himself willing, in regard to the third point, to turn Najrān into a neutral territory;<sup>4</sup> and on the 18th December the Imām proposed the negotiation of a treaty, on a basis of *uti possidetis*, to run for twenty years.<sup>5</sup> By this time, however, Ibn Sa'ūd was receiving information from his new amīr in the Idrīsīyah province that the Yamanī troops were beginning to push their way into the South 'Asīrī highlands, inciting the tribesmen to throw off their allegiance to Ibn Sa'ūd and taking hostages and tribute from them on the Imām's account.<sup>6</sup> Nevertheless, Ibn Sa'ūd arranged for the holding of a Sa'ūdī-Yamanī conference at Abhā, in Northern 'Asīr, and this conference duly met on the 16th February, 1934; but, once again, the negotiations came to nothing, and the telegraphic correspondence was resumed. On the

<sup>1</sup> *Green Book*, Docs. 25-44, in *Oriente Moderno*, June 1934, pp. 302-4.

<sup>2</sup> *Oriente Moderno*, June 1933, p. 319.

<sup>3</sup> *Green Book* in *Oriente Moderno*, June 1934, p. 305. (See also Mr. H. St. J. Philby in *The Times*, 16th April, 1934, for the last stage of the negotiations which opened with this request on Ibn Sa'ūd's part.)

<sup>4</sup> *Op. cit.*, loc. cit.

<sup>5</sup> *Op. cit.*, loc. cit.

<sup>6</sup> *Op. cit.*, loc. cit.

22nd March, 1934, the Sa'ūdī Government announced that the negotiations had broken down and that the Crown Prince had been ordered to march, with the object of recovering the 'Asīrī territory into which the Zaydī troops had penetrated.<sup>1</sup>

The war which now began was conducted with great ability on the Sa'ūdī side. The Wahnābī forces did not attempt any direct assault upon the South 'Asīrī highlands, where the insurgent tribesmen had proved capable of holding their own even before the arrival of the Zaydī troops, so that they were likely to be still more difficult to cope with now that they had received these reinforcements. The Wahnābī commanders concentrated their efforts, in the first instance, upon cutting the communications between these 'Asīrī highlands and the Yaman by a simultaneous encircling movement from the Tihāmah and from the interior. For the rest, they were content to operate in the Tihāmah itself, on the one side, and in Najrān on the other, and to avoid the highlands where the Zaydīs would have the advantage of fighting on their native terrain. By the 9th April, 1934, the Sa'ūdī Government were able to announce that their encircling movement, round the South 'Asīrī highlands, had been crowned with success;<sup>2</sup> and on the 12th the Imām telegraphed to Ibn Sa'ūd suing for peace and announcing that he had ordered his troops to evacuate Najrān. Thereupon, Ibn Sa'ūd laid down four conditions—the evacuation of Najrān; the restitution of the hostages taken by the Zaydīs from the tribes in Ibn Sa'ūd's domain; the cessation of all relations between the Zaydīs and these tribes; and the extradition of the Idrīsī Sayyid Hasan in accordance with the treaty of the 15th December, 1931—and, pending the execution of these conditions, the Wahnābī offensive continued. The Wahnābī advance on both the Najrān and the Tihāmah front now became very rapid. On the 27th April the Sa'ūdī Government were able to announce the completion of the conquest of Najrān and the capture of Midī; and this latter success, which was achieved on the 26th April, was followed up by the capture of Luhayyah on the 1st May and Hudaydah on the 4th.

The Wahnābīs now found themselves at the gates of Sa'dah on the Najrān front and within striking distance of San'ā itself on the Tihāmah front; and a less cautious and experienced statesman than King 'Abdu'l-'Azīz might have been led on by these dazzling military successes into striking at the heart of his rival's kingdom with a view to settling accounts with so tiresome a neighbour once for all. Ibn Sa'ūd, however, seems to have been well aware that up to this point

<sup>1</sup> *Oriente Moderno*, April 1934, pp. 170-3.

<sup>2</sup> *Communiqué* of the 9th April, 1934, in *Oriente Moderno*, May 1934, p. 232.

he had had two factors working in his favour which would cease to operate from now onwards if he were to continue his advance. He had been fighting in the open lowlands and steppes, where his troops were on familiar ground; and he had been advancing through the territories of friendly populations—for the Sunnī inhabitants of the Tihāmah and the Ismā'īlī element in Najrān had no love for their Zaydī masters, and were ready to welcome the Wāhhābīs as liberators. On the other hand, except at one strategic point, the Wāhhābīs had not yet attempted to penetrate the hill country; in the extreme north of the war zone, on Sa'ūdī soil, the rebellious highlander tribesmen and their Zaydī allies were still holding out; and if he were now to strike at Sa'dah and San'ā he would have to try conclusions with the Zaydīs on their own ground, and to fight them when they were standing at bay with their backs to their mountain wall. Accordingly, when the Imām now consented to carry out Ibn Sa'ūd's terms immediately and in full, Ibn Sa'ūd duly granted him an armistice on the 13th May; on the 18th, a peace conference was opened at Tā'if; on the 20th May a peace treaty was signed at the same place; and when the armistice ran out on the 29th, before certain undertakings, given by the Imām in the armistice agreement, had been carried out, Ibn Sa'ūd granted the Imām's petition that the period should be prolonged for a few days.<sup>1</sup>

The terms of the treaty of the 20th May, 1934, need not be analysed here, since the text, together with that of the accompanying arbitration agreement and exchanges of letters, is printed in the companion volume of documents;<sup>2</sup> but the Western historian cannot mention this instrument without drawing his readers' attention to its extraordinary generosity. The two belligerent Powers were neither of them members of the League of Nations and were perhaps more immune than any other pair of existing states from the influences of the modern Western civilization; yet, in spite—or, perhaps rather, because—of their old-fashionedness, they succeeded in concluding a peace of which it was justly written, in one of the leading newspapers of the Western World, that 'its spirit might be profitably compared by Christian statesmen with that of some recent European treaties of peace'.<sup>3</sup>

This peace settlement was hailed with relief and satisfaction throughout the Muslim World, and particularly in the Arab countries beyond the bounds of the Arabian Peninsula; for the outbreak of

<sup>1</sup> Sa'ūdī *communiqué* in *Oriente Moderno*, June 1934, p. 299.

<sup>2</sup> *Documents on International Affairs*, 1934, pp. 458–64.

<sup>3</sup> *The Times*, 4th July, 1934.

the war had caused consternation among patriotic Arabs and pious Muslims. Arabia was the cradle of Islam, and the two powers of the Arabian Peninsula were the only Arab states that were still completely sovereign and independent. In consequence, the outbreak of a fratricidal conflict between them seemed an equally serious disaster for Arab patriotism and for Muslim faith; and, upon the news of the outbreak of hostilities, the standing organization which had been established by the General Muslim Congress of Jerusalem<sup>1</sup> appointed a delegation to mediate between the belligerents.<sup>2</sup> This Arab peace delegation reached Mecca on the 16th April; was received by King 'Abdu'l-'Azīz; and was permitted by him to communicate telegraphically with the Imām Yahyā.<sup>3</sup> The direct effect of its labours upon the course of military and political events may not have been great;<sup>4</sup> but the spirit of the peace treaty may possibly reflect its influence.

The instrument was entitled a 'Treaty of Islamic friendship (*sadāqah islāmīyah*) and Arab brotherhood (*ukhuwwah 'arabīyah*)'. In the preamble the contracting parties declared their desire, not only to put an end to the state of war, but also 'to establish concord in the Arab Muslim people, to raise its dignity, and to safeguard its honour and independence'; and their further desire 'to act as a single unit in face of emergencies and to constitute an edifice one and indivisible for the preservation of the integrity of the Arabian Peninsula'. In the body of the treaty they made a 'perpetual peace' with one another (Art. 1); recognized one another's absolute independence and sovereignty (Art. 2); agreed not to construct any fortifications within five kilometres' distance of the frontier on either side (Art. 5); and entered into a mutual pledge to refrain from all resort to force for the settlement of future difficulties between them, and to have recourse to arbitration—according to the terms of an arbitration convention attached to the treaty—in the event of their being unable to arrive at a settlement by negotiation (Art. 8). A number of other articles re-enacted the provisions of the *bon voisinage* treaty of the 15th December, 1931,<sup>5</sup> which was now (Art. 21) declared to be superseded. A reciprocal amnesty covered both Ibn Sa'ūd's subjects of Idrīsī sympathies in 'Asīr, who had joined forces with the Zaydīs,

<sup>1</sup> See the present volume, section (i) (b) of this part.

<sup>2</sup> *Oriente Moderno*, May 1934, p. 231. The delegation was led by the Sayyid Muhammad Aminu'l-Husayni, Mufti of Jerusalem and President both of the Supreme Muslim Council of Palestine and of the General Muslim Congress of Jerusalem. He was accompanied by an Egyptian, a Druse and a Syrian colleague (see section (i) (b), p. 109, above).

<sup>3</sup> *Oriente Moderno*, May 1934, pp. 231–2.

<sup>4</sup> On this point see Mr. H. St. J. Philby in *The Times*, 9th June, 1934.

<sup>5</sup> See pp. 313–14, above.

and the Imām's subjects of Sunnī religion in the Tihāmah who had joined forces with the Wahhābīs (Art. 13). In one remarkable passage of the treaty (Art. 16), the parties, in virtue of their being 'united by the bonds of Muslim fraternity and Arab race', proclaimed 'that their two peoples' were 'a single people (*ummah wāḥidah*)'; and, on this ground, they mutually undertook each to maintain a benevolent neutrality in the event of the other party being the victim of external aggression or internal disorder (Arts. 17 and 18). In the same spirit they agreed to place at one another's disposal the services of their respective diplomatic missions in foreign capitals (Art. 20). The territorial arrangements, which were set out with great circumstantiality (Art. 2), were such as to leave no sore feelings on the Zaydī side; for while they definitely assigned Najrān to the Sa'ūdī Empire, they did not deprive the Imām of any of his original territories nor again of those conquests that he had made at the Idrīsī's expense before the establishment of the Sa'ūdī protectorate over the remnant of the Idrīsīyah principality; and the Imām even retained possession of the Jabal 'Arw, which Ibn Sa'ūd had conceded to him in 1931.<sup>1</sup>

The signature of this instrument on the 20th May, 1934, was followed by unprecedentedly prompt measures of execution on the Imām Yahyā's part, under the menace of a possible resumption of hostilities. The military evacuation of the 'Asīrī highlands was begun before the end of May; the Idrīsī Sayyid Hasan was delivered up on the 2nd June;<sup>2</sup> and on the 5th June the Sa'ūdī Government were able to announce that he had arrived, with his suite, at the head-quarters of the Amīr Faysal Āl-Sa'ūd at Hudaydah, and that the evacuation of the occupied territories in 'Asīr by the Zaydī forces was proceeding. The treaty was ratified by King 'Abdu'l-'Azīz on the 8th June and by the Imām on the 19th; and on the 23rd the text was published simultaneously at Mecca, San'ā, Cairo and Damascus. On the 27th June the Sa'ūdī Government announced that the Zaydī evacuation of the occupied territories in 'Asīr was now complete, that the Yaman had thus 'fulfilled all the conditions stipulated at the cessation of hostilities', and that accordingly King 'Abdu'l-'Azīz had released all the Yamanī prisoners held by the Sa'ūdī forces in the Tihāmah, while those held in Najrān would be released upon the liberation of the Najrānī hostages that the Zaydis had taken. On the 14th August

<sup>1</sup> See p. 313 above.

<sup>2</sup> The extradition of the Idrīsī Sayyid was not stipulated for in the treaty explicitly, but it was covered by the general terms of Articles 9 and 10. The Imām, to his credit, showed more concern over securing an amnesty for the 'Asīrī insurgents and the members of the Idrīsī family, whom he was handing over to Ibn Sa'ūd, than over the safeguarding of his own interests.

the Sa'ūdi Government announced that the Sa'ūdi forces had now evacuated all territories which the treaty had assigned to the Yaman. Therewith the execution of the treaty was complete; and there seemed to be every prospect that it would remain in force, as a bulwark of peace in Arabia, for the full term of twenty years which was prescribed in its twenty-second article.

## PART III

### EUROPE

#### A. INTRODUCTION

IN Europe, the 'post-war period' after the General War of 1914-18 passed away in the course of the years 1933 and 1934. The first audible stroke of its death-knell was struck on the 30th January, 1933, when Herr Hitler came into power in Berlin; and, amid the gathering tumult of the next incoming age, a sensitive ear might still catch, on the 15th October, 1934, the last faint reverberation of a tolling bell in the announcement of the death of Monsieur Raymond Poincaré: the presiding genius of the outgoing period,<sup>1</sup> who had been tragically preserved alive, long after his eye had grown dim and his natural force had abated,<sup>2</sup> as though a Poetic Justice were unwilling to let him depart from this world until the Dead Sea Fruit of his statesmanship had unmistakably ripened into its predestined barrenness. What the theme of the next chapter of European history might be, no man living in the year 1934 could foretell; in particular, it could not be foreseen whether, or to what extent, the Covenant of the League of Nations, which constituted the first chapter of each of the four European Peace Treaties, would be involved in the ruin of the rest

<sup>1</sup> If we think of the years 1918-34 in terms of the years 1815-48, which were the 'post-war period' after the General War of 1792-1815, we shall find in Monsieur Poincaré our closest latter-day counterpart of Metternich; but the comparison is, of course, far too flattering to the Frenchman. The confrontation of these two statesmen suggests not so much a parallel as a contrast; and in this contrast we have the measure of the deterioration in the quality of European statesmanship in the course of a century. When we measure our Poincaré by a Metternichian standard, the poverty of the later statesman's ideas, as well as the crudity of his methods, becomes manifest; and the respective results of the two statesmen's endeavours are proportionate to the difference in the degree of their genius. The *tour de force* of imposing fixity upon a political flux, which a Metternich managed to keep up for thirty-three years, was only kept up for some fifteen years by a Poincaré. Monsieur Poincaré's mediocrity is exposed almost as effectively by a comparison of his post-war policy with Bismarck's policy after 1871. For Bismarck saw that, if it suited him that the Third Republic should endure in France, then he must allow—and even assist—this Third Republic to acquire prestige at home by winning at least a few laurels (e.g. in Africa). By contrast, Monsieur Poincaré ensured the downfall of the Weimar Republic in Germany by implacably meting out to it exactly the same measure of harshness that he would have meted out to the Kaiser Wilhelm II if the latter had retained his throne.

<sup>2</sup> Deuteronomy xxxiv. 7. Poincaré was, indeed, no Moses, though he had a greater opportunity than the legendary Hebrew Leader's in a period when the French people—who were usually as stiffnecked as the Children of Israel—were in a mood of unwonted readiness to follow the lead of a 'strong man'.

of the treaty structure.<sup>1</sup> On the other hand, it was by this time already possible to sum up a large part of the history of the chapter that was now over in a single sentence of proverbial wisdom: 'When the cat's away the mice can play'.

Since the 11th November, 1918, all the Powers and peoples of Europe outside the constricted post-war frontiers of the German Reich had been indulging in the licence conferred on them by the temporary eclipse of a Power which had overshadowed Europe during the preceding half-century. In their reaction from the nervous strain of the recent war-years, the momentary victors had closed their eyes to the future and had thrown themselves blindly into various children's games that served to ease their anxieties or to minister to their self-esteem. The French had been playing at a Napoleonic military preponderance which would absolve them from the need of agreeing with their adversary quickly while they were in the way with him.<sup>2</sup> The British had been playing at an insularity which would enable them to disentangle themselves from Continental European commitments with as clean a cut as if Great Britain had been North America. The Italians had been playing at an anti-Gallicanism which would demonstrate that Italy was the equal of France. The Russians had been playing at defying the united forces of an aggressively hostile Capitalist World. The states members of the Little Entente had been playing at being their own pre-war oppressor opposing an intransigent legitimism to an impertinent irredentism (with the Magyars now assuming the irredentists' rôle in place of the liberated Jugoslavs and Rumanians and Slovaks). And finally, the Slovaks had been playing at autonomism in Czechoslovakia, and the Croats at separatism in Jugoslavia, during this time of licence when the danger of their falling back again under Magyar rule did not appear to be immediate.

In the celebration of these 'post-war' Saturnalia most of the performances were rather half-hearted, even when the performers were playing their chosen parts with the greatest show of energy and conviction. The French, for instance, knew very well in their heart of hearts that, fundamentally and intrinsically, twentieth-century France was no match for twentieth-century Germany; and, at the very time when they were deliberately sacrificing their chance of reconciliation with Germany rather than forgo the pleasurable

<sup>1</sup> At this time, the principal index of the standing of the League was to be found in the fortunes of the World Disarmament Conference. The latest chapter in the history of this conference will be recorded in the *Survey for 1935*.

<sup>2</sup> Matt. v. 25.



sensation of their momentary military superiority over her, they were betraying their latent disbelief in the efficacy of their own unaided military strength in an incessant and feverish search for more and better military alliances. The English, again, were not really unaware of the fact that England had never, at any time in her history, been able to keep out of any major European conflict that might conceivably end in Europe falling under the military domination of some single Power. Indeed, by this time the English were even beginning to realize that Great Britain had ceased to be an island on the day when the first cross-channel flight had been made by an aeroplane. Their loud-voiced 'post-war' insistence that Great Britain was as much an island as North America, and that the British Europeans could therefore afford to be as indifferent to the fate of Continental Europe as the Canadians and Americans were, betrayed, instead of concealing, their secret recognition of the unpalatable truth that their prized and precious insularity had been taken from them by the latest step in the formidable progress of modern Western Physical Science. In a similar way, the loudness of the 'post-war' blasts that the Italians were perpetually blowing on Fascist trumpets proclaimed an anxiety lest a 'just great' Power that was aspiring to equality with France might turn out to be no more than a 'near great' Power of the calibre of Spain or Poland.<sup>1</sup>

In 1934, these 'post-war' games of the European mice were being broken in upon by the reappearance on the scene of the German cat with newly grown claws and with an appetite that had been whetted to an unheard-of sharpness by a forcibly imposed fast.

The psychological effect abroad of events in Germany took the form of a succession of shocks which was cumulative. The first shock in the series was administered by the suddenness and unexpectedness of Herr Hitler's actual advent to power; the second by the 'raging tearing' campaign of brutal violence in which the victorious Nazi Movement swept all its political opponents or rivals in Germany away; the third by the abrupt announcement of Germany's intention to secede from the League of Nations. These first three shocks, which were all delivered within the year 1933, have been taken account of in the preceding volume.<sup>2</sup> In this place, some mention must be made of the fourth shock, which was administered by the sudden shooting of an unknown number of Germans—both Nazis and non-Nazis—by German hands on the 29th and 30th June, 1934.

<sup>1</sup> For the agonizing border-line between Great Powers and states of lower calibre, see the *Survey for 1933*, p. 206.

<sup>2</sup> The *Survey for 1933*, Part II, section (i).

While these killings were technically an internal affair of 'the Third Reich', they profoundly affected public opinion abroad because they were a startling breach of the accepted code of behaviour in the Western Society of this age, and because they seemed to provide Germany's neighbours with a foretaste of what they might have to expect if ever they were to fall under the domination of 'the Third Reich'. The shockingness of these events of the 29th-30th June, 1934, in West-European eyes was indeed manifold. It was shocking to see the head of a state—even when he was the leader of a recently victorious revolutionary movement—shooting down his own former henchmen in the style of an American 'gangster' (and the shock was not mitigated by the probability that the victims had been engaged in a conspiracy against their own chief, nor again by the virtual certainty that some of them were men of a criminal and immoral character). It was shocking, too, to learn that the shootings had taken place either completely without warning or after a nominal summary trial in which the verdict was a foregone conclusion. Most shocking of all was the undoubted fact that Herr Hitler's example, in taking this 'direct action' against his enemies in his own household, served as the signal for an orgy of similar killings on the part of gangs or individuals who seized this opportunity of making away with prominent persons whom they hated on political or even on personal grounds. It was startling both to find that a hatred keyed up to this murderous intensity was so rife in Germany, and to see it proved by the sequel that this German lust to kill could be indulged in so widely with impunity. The most eminent of the non-Nazi victims were the former Reichskanzler General von Schleicher, who was shot down, together with his wife, in his own house; his adjutant, General von Bredow; and a number of distinguished Catholic civilians and laymen: among them Herr von Bose (who was Herr von Papen's *chef de cabinet*), Herr Klausener and Dr. Beck.<sup>1</sup> It was impossible to discover whether the killing of these non-Nazi victims was inspired or authorized either by Herr Hitler himself or by members of his *entourage*; and it was also impossible to obtain a complete and exact list of the people who had been put to death—though it came to be known that the number ran into three figures.

The shock which was thus produced abroad by these killings in Germany, on and after the 30th June, 1934, was confirmed and accentuated by the moral effects of the murder of Dr. Dollfuss on the

<sup>1</sup> Dr. Brüning had already left Germany before this date; Herr von Papen, who was then still in Germany, escaped with his life and actually remained in office!

25th July; for though this crime was committed outside the frontiers of the Reich by hands which (like Herr Hitler's) were not *Reichs-deutsch* but Austrian, the moral responsibility for the outrage was placed on the shoulders of the National Socialist Party in Germany by an immediate and spontaneous consensus of world-wide public opinion.<sup>1</sup> The indignation which the murder of Dr. Dollfuss excited was proportionate to the peculiar pathos of his end and to the special admiration and affection which he had won by the attractiveness of his personality and by the gallantry of the political fight that he had been making down to the moment when the murderer's bullet cut his life short. Whereas the conspicuous victims of the 30th June had been infamous, and the respectable victims relatively obscure, Dr. Dollfuss was a victim with a reputable character in a prominent position. Even those Labour and Socialist circles abroad which had been bitterly alienated from him by his acquiescence in the forcible suppression of the Austrian Social-Democratic Party<sup>2</sup> found no satisfaction in seeing him removed from the scene by a Nazi act of criminal violence; and their personal resentment against him, if not appeased by the tragedy of his death, was at any rate not transferred in full measure to his successors in the government of Austria. In fact, in every quarter, the main reaction towards the murder of Dr. Dollfuss was one of horror at what was felt to be a further revelation of the Nazi *éthos*.

This, then, was the ferocious guise in which the German beast of prey presented itself, after an absence of sixteen years, in its old European hunting grounds; and in this disconcerting situation the rats and mice and such small deer, that had been keeping a common holiday, began to behave in diverse ways. While some of them tumbled to the situation at once and altered their behaviour in a trice, there were others which were slower to desist from their play—either because they were genuinely blind to the signs of the times or because they had not the hardihood to look an unpleasant fact in the face.

The quickest and most drastic action was taken by the Russians.<sup>3</sup> The Bolshevik statesmen at Moscow perceived that the triumph of National Socialism in Germany in 1933, in conjunction with the triumph of militarism in Japan in 1931, had transformed the entire

<sup>1</sup> See pp. 474–8, below.

<sup>2</sup> See pp. 456–67, below.

<sup>3</sup> The masters of the Soviet Union can hardly have been shocked, or even startled, by the killings in 'the Third Reich', either before or on or after the 30th June, 1934. They did, however, show themselves quickly and deeply sensitive to the indications of eastward military ambitions in the minds of the new masters of Germany.

international situation—not only in Europe but throughout the World—and had exposed the Soviet Union to a danger of aggression which was imminent and concrete. In face of this unexpected and unwelcome change in their environment, the Bolsheviks resolutely foreswore their cherished luxury of the Communist 'Holy War' and took energetic steps to secure themselves against a threat from two particular Capitalist Powers by making common cause with the rest.<sup>1</sup> In the teeth of their own convictions and words and acts, they now pushed their way into the comity of the 'sated' majority by purchasing the diplomatic recognition of the United States Government<sup>2</sup> and negotiating a non-aggression treaty with France<sup>3</sup> and acquiring membership of the League of Nations.<sup>4</sup> These transactions were evidence that the old-fashioned Capitalist countries had changed their attitude and policy towards the Soviet Union as greatly as the Soviet Union had changed hers towards them; and, whatever might be thought of the new Franco-Russian *entente*, the entry of the Soviet Union into the League could hardly be interpreted otherwise than as a notable gain (to be set off against losses in other directions) for the cause of the collective system of international law and order.

The Poles were as quick as the Russians to perceive, and act upon, the signs of the times as these displayed themselves above the narrower Polish horizon.<sup>5</sup> The Polish *refroidissement* towards France and *rapprochement* towards Germany, which was one of the most remarkable of the political phenomena in Europe during the years 1933 and 1934, was, no doubt, brought about by the combined operation of several causes. One cause was certainly an eagerness to play at being a full-fledged Great Power which could now begin to fend for itself without French protection. Another cause was the personal idiosyncrasy of Marshal Pilsudski, whose bugbear was not Germany but Russia, and who therefore perhaps felt less acute misgivings than many of his compatriots about the prudence of accepting

<sup>1</sup> The piquancy of this Russian act of *Realpolitik* was heightened by the fact that the two Capitalist Powers against whom the Bolsheviks were thus seeking to make friends among the Capitalist Mammon of unrighteousness had both actually been moving away from the traditional nineteenth-century Capitalist order—and this in the Communist direction—in consequence of the very change of régime which had set them both so sharply at variance with the Soviet Union. The young Japanese militarists would have claimed, with the same sincerity as the young German National Socialists, that they were carrying out a social revolution on the home front, and that the programme of this revolution included everything that was of any value in the programme of Socialism.

<sup>2</sup> See the *Survey for 1933*, Part IV, section (vi).

<sup>3</sup> Section B (i) (c) of this part of the present volume.

<sup>4</sup> *Loc. cit.*

<sup>5</sup> For Polish policy in the years 1933 and 1934, see the *Survey for 1933*, pp. 183–8 and the present volume, pp. 332–3, 340 *seqq.*, below.

the opening of a German offer of friendship as a means of escape from that Russo-German encirclement of Poland which had been the nightmare of every Pole during the post-war years.<sup>1</sup> But the principal cause was probably a swift appraisal of Germany's recovery of strength; a private prognostication that Germany was destined to increase and France to decrease; and a determination to be once more on the winning side—even if the Polish mouse, in putting itself at the German mouser's disposition, could scarcely hope to win any guerdon beyond that of being eaten the last (the boon which had once been wheedled from the Cyclops by Odysseus at the expense of his companions).

The Italians were perceptibly slower in reacting than either the Poles or the Russians. It was notorious that a *Gleichschaltung* of Austria with Germany (as an effective alternative to an *Anschluss*) was Herr Hitler's darling ambition; and the Austrian Führer of 'the Third Reich' lost no time, after his accession to power at Berlin, in putting his Austrian plan of campaign into execution.<sup>2</sup> It was also manifest that either the *Gleichschaltung* or the *Anschluss* of Austria would suffice to place Italy at Germany's mercy; and that, if Austria were thus to be engulfed at a time when Italy was still at feud with Yugoslavia, there was a possibility that Germany (with her *terra irredenta* in the Alto Adige) and Yugoslavia (with hers in Venezia Giulia) might be drawn into an anti-Italian *entente* which might expose Italy to mortal danger. Yet, in this grave hour, the realistic man of action in Signor Mussolini did not assert himself over the play-actor instantaneously. For many months after Herr Hitler's triumph in Germany, the Duce seems to have clung to the illusion that he would still be able to play the patronizing part of Führer's Führer, and so contrive to hold the German National Socialist imitators of Italian Fascism in leading strings. It took the assassination of Dr. Dollfuss to cure Signor Mussolini finally of this illusion; and, even then, the Head of the Italian State did not show the clear-sightedness and resoluteness and swiftness of his Russian *confrères* in drawing—and acting upon—the consequences of an unwelcome discovery. It took the assassination of King Alexander to awaken Signor Mussolini completely to the truth that he could no longer afford to allow his feud with Yugoslavia to drag on,<sup>3</sup> and that the

<sup>1</sup> On this point, see further p. 342, below. At the time of writing, in the summer of 1935, it was still too early to tell whether the recent Germanophil policy of Poland was being pursued with less conviction since Marshal Pilsudski's death.

<sup>2</sup> See section C (i) of this part of the present volume.

<sup>3</sup> There had been a *détente* between Italy and Yugoslavia in 1933 after the

time had come for selling out his anti-Gallicanism at whatever might prove to be the market price of the day. In the event, Signor Mussolini did prudently accept from France, in the agreements signed at Rome on the 7th January, 1935, a *parecchio* of about the same value as the offer which a previous Italian Government had rejected in 1915, when it was tendered by the Hapsburg Monarchy; and after this long-overdue settlement with France Signor Mussolini made a belated attempt to persuade King Alexander's successor in the management of Yugoslav foreign policy, the Prince Regent Paul, to smoke the pipe of peace with him. Yet, though the master of Italy thus steered clear of disaster in the year 1934, the margin of safety that he allowed to himself—and to his country—was injudiciously narrow; for in the July of that year, if not for the second time in the October,<sup>1</sup> he found himself almost on the brink of a war into which he could not have plunged with any prospect of an auspicious issue.

The history of the Italo-French agreements of the 7th January, 1935, will be recorded in the next volume in this series; but in this place it may be convenient, before passing on to consider the policy of other Powers, to mention certain indications of the change in the orientation of Italian foreign policy which gradually became apparent in the course of the year 1934.

This change shows itself, for example, in the difference in the tenor of two of Signor Mussolini's speeches which were delivered respectively on the 18th March, 1934, and on the 6th October. On the former date, he declared that the problem of settling Italy's outstanding differences with France and with Yugoslavia still remained to be solved; spoke as warmly as ever in favour of Hungary's demands for territorial treaty-revision; and laid down, in the matter of the limitation of armaments, that 'if the armed states do not disarm, they are violating Part V of the Versailles Treaty and cannot oppose a

initialing of the Four-Power Pact on the 7th June of that year in a form which seemed to indicate that Italy had gone far towards abandoning her championship of treaty revision (*Survey for 1933*, pp. 217 *seqq.*); but the ill-feeling had flared up again in 1934 when Yugoslav suspicions of Italian policy had been reawakened by the concentration of Italian troops towards the Italo-Austrian frontier after the murder of Dr. Dollfuss, and by the Italian naval demonstration at Durazzo on the 23rd June, 1934 (see pp. 535-6, below). At the same time, throughout the year 1934, and not only after the assassination of King Alexander, there was a markedly stronger desire on the Italian side than there was on the Yugoslav side to compose the Italo-Yugoslav quarrel; and all the overtures in this sense that were made during the year were of Italy's making. (On this point, see further section D (ii), pp. 557-9, below).

<sup>1</sup> For the reasons why, after the Marseilles crime, the danger of war was probably not so great in fact as it appeared to be on the surface, see section D (ii), pp. 553, 538-9, 566, below.

translation into fact of that parity of rights that was granted to Germany in December 1932.<sup>1</sup> In passing to the question of Italy's own action in the international field, he announced that 'Italy's historical objectives are Asia and Africa, with which Italy is linked by rapid means of communication'; and the concern which this announcement caused in Turkey (though not, it seems, in Abyssinia) was not allayed by the accompanying assurance to Italy's non-European neighbours, 'near and far', that 'there' was 'no question, for Italy, of territorial conquests, but only of a spiritual and economic expansion.'<sup>2</sup> On the other hand, on the 6th October, 1934, Signor Mussolini spoke of the Italo-French problem as being on the verge of settlement; made an unmistakable gesture of friendship towards Yugoslavia (in spite of the virulent war of words which was being waged at the time in the Yugoslav and Italian Press);<sup>3</sup> and made no mention whatever either of Hungary or of treaty-revision.

The political settlement of accounts between Italy and France, which was in fact to follow immediately after the turn of the calendar year, had been anticipated, between the dates of Signor Mussolini's two speeches aforementioned, by economic negotiations in Milan during April 1934 and in Paris during May, which had resulted in the removal of some of the existing restrictions upon Franco-Italian trade. Thereafter, in September 1934, a French parliamentary mission had played a prominent and a friendly part at the Levant Fair at Bari; and the visit of an Italian air-squadron to Paris in June 1934 had been reciprocated by the visit of a French air-squadron to

<sup>1</sup> See the *Survey for 1932*, pp. 288-9.

<sup>2</sup> These passages in the speech evoked an inquiry at the Italian Ministry of Foreign Affairs on the part of the Turkish Ambassador. The Ambassador was informed (according to a statement made in the Great National Assembly at Angora by the Turkish Foreign Minister on the 5th April, 1934) that the remarks did not apply to Turkey as, in Italian eyes, she was a European and not an Asiatic state; and he also received a personal assurance to the same effect from Signor Mussolini himself. Yet an abiding fear of possible Italian ambitions at Turkey's expense may be divined in the subsequent course of Turkish policy: for instance, in the Turkish eagerness to establish a united front between the newly formed Balkan Group and the Little Entente, and in the seven years' plan of increased expenditure on armaments upon which the Turkish Government embarked on the 16th May, 1934. These Turkish defensive gestures were certainly evoked by a fear of Italy and not by a fear of Germany; and the unpleasant experience which fell to the lot of Albania, one of Turkey's European 'successor states', in June 1934 showed that a certificate of European-ness was not necessarily sufficient in itself to ensure a weak Near Eastern country against receiving embarrassing Italian attentions. For the visit of the first squadron of the Italian Adriatic Fleet to Durazzo without invitation or forewarning, see the additional note following section D (i) of this part of the present volume.

<sup>3</sup> See pp. 556-7, 558, below.

Rome in October. Like the Franco-Russian exchange of air-visits in 1933,<sup>1</sup> this Franco-Italian exchange in 1934 provided an occasion for warm demonstrations of friendship between the two countries concerned.

The gradual transfer of Italy's hostile attention from Yugoslavia to Germany in the course of the year 1934 had its analogue in a corresponding and contemporary change of orientation in the policy of Czechoslovakia—in this case, to an anti-German from an anti-Hungarian front. In the preceding volume,<sup>2</sup> mention has been made of the special danger with which Czechoslovakia—a Slav peninsula projecting into a German ocean, and embracing a subject minority of 3,088,530 ex-Austrian Deutschböhmen within her own frontiers—now found herself confronted owing to the triumph in Germany of Herr Hitler with his programme of eventually bringing within the frontiers of 'the Third Reich' all German populations that had been placed, or left, outside them by the Peace Settlement of 1919–20.<sup>3</sup> Indeed, the Nazi campaign in Austria was an even greater menace to Czechoslovakia than it was to Italy;<sup>4</sup> and in these circumstances the Czechoslovak Government, if they had had a free hand, would probably have gravitated towards Italy as decidedly as Italy was gravitating towards France. In fact, Czechoslovakia might have gone the length of becoming a party to the Italo-Austro-Hungarian Pact which was concluded on the 17th March, 1934<sup>5</sup>—and this even at the price of granting Hungary some measure of the territorial treaty-revision on which the Magyars had never ceased to insist. Already,

<sup>1</sup> See Section B (i) (c) of this part of the present volume, pp. 385–6.

<sup>2</sup> See the *Survey for 1933*, pp. 196–8.

<sup>3</sup> In formulating this programme, Herr Hitler explicitly excepted the German-speaking Alsatians and tacitly excepted the German-speaking Swiss; but this was cold comfort for the Czechs.

<sup>4</sup> It was not until after the Nazi conquest of Germany that the statesmen in control of the Czechoslovak Government came to take the view that the *Anschluss* of Austria to the Reich would be a deadly danger to Czechoslovakia. As late as the 21st March, 1934, in a speech on foreign affairs in the Parliament at Prague, Dr. Beneš was still taking care not to enrol Czechoslovakia in Monsieur Barthou's anti-German Grand Army, and he even reminded his hearers on this occasion that, during the General War of 1914–18, both he and President Masaryk had been advocates of the *Anschluss* (it was, indeed, the fact that President Masaryk, at any rate, had remained in favour of the *Anschluss* during the Peace Conference of Paris). The definite entry of Czechoslovakia into the anti-German camp is to be dated between the delivery of this speech and the signature of the Czecho-Russian pact of the 16th May, 1935. This anti-German orientation of Czech policy probably had the effect of accentuating the German peril which was the cause of it. It remained to be seen whether this orientation, which had been given to Czechoslovak foreign policy by Dr. Beneš, would be followed to the logical end by Dr. Beneš's countrymen.

<sup>5</sup> See Section C (ii) of this part of the present volume.



in the past, Dr. Beneš had more than once thrown out a hint that he was not unalterably opposed to some eventual adjustment of the Czechoslovak-Hungarian frontier within modest limits;<sup>1</sup> and this conception had come to be known as 'the Masaryk revision' in contrast to the demand of the Hungarian 'Die-Hards' for an integral restitution of the pre-war dominions of the Crown of St. Stephen. It might have been supposed that, in 1934, the moment had arrived—if it was ever to come at all—for putting 'the Masaryk revision' into effect; and Dr. Beneš would certainly have had the French Government's blessing if he had embarked on this enterprise. He was restrained, however, by two considerations.

In the first place, the other two states members of the Little Entente, and Rumania in particular, were still as intransigently opposed as ever to retroceding to Hungary even so much as a square centimetre of their territorial gains in the Peace Settlement;<sup>2</sup> and Dr. Beneš could not afford to give his allies any pretext for alleging that Czechoslovakia had departed from a policy of solidarity with them *vis-à-vis* Hungary at a time when he had some reason for fearing that they might actually be under a temptation, on their part, to leave Czechoslovakia in the lurch *vis-à-vis* Germany. In the second place, the Italo-Austro-Hungarian Pact was suspected of being a step towards an attempt to restore the Hapsburg Dynasty in Austria and in Hungary;<sup>3</sup> and in this matter Czechoslovakia herself was still just as intransigent as her partners, since a Hapsburg restoration in Vienna or in Budapest or, *a fortiori*, in both the former capitals of the *ci-devant* Dual Monarchy might be expected to put a formidable strain upon the inchoate Czechoslovak national consciousness by exerting a powerful attraction upon the Deutschböhmen separatists, upon the Slovak autonomists, and upon the peasantry of all nationalities to whom the newfangled idea of Nationalism was less familiar than the tradition of personal allegiance to an Emperor-King. These considerations made it difficult for Czechoslovakia to cover either her rear by compounding with Hungary or her flank by acquiring, in Italy, an additional ally who could be relied upon to be more zealous than Rumania or Yugoslavia in assisting Czechoslovakia to resist the realization of Herr Hitler's ambitions. When it is added that Poland's *rapprochement* towards Germany in 1934 went *pari passu* with a recrudescence of the post-war *mésintelligence* between Poland

<sup>1</sup> See the *Survey for 1933*, p. 216.

<sup>2</sup> For the policy of Rumania and Yugoslavia in 1934, see the present chapter, pp. 341 *seqq.*, and section C (ii), pp. 498, 501–3, 506–7, below.

<sup>3</sup> See section C (ii), pp. 495–6, 498, 501–3, 506–7, below.

and Czechoslovakia,<sup>1</sup> it will be seen that Czechoslovakia now found herself in an extraordinarily difficult position.

Her difficulties can be illustrated from the events of her current history. For example, the dissolution of the German National-Socialist and Nationalist parties on Czechoslovak territory on the 4th October, 1933,<sup>2</sup> was followed up, on the 25th of the same month, by the enactment of a law enabling the Government to dissolve any political parties, or organizations connected with such parties, whose activities might be considered to be inimical to the interests of the Republic, and also to confiscate their funds. On the 11th November this law was applied to the Nazi Party, and several Nazi trade unions were dissolved on the 27th. In a speech addressed on the 31st October, 1933, to the Foreign Affairs Committee of the Chamber, Dr. Beneš described the Nazi Revolution in Germany as being inimical to the establishment of European peace and security. A local repercussion of the Nazi Movement also made itself felt in Czechoslovakia, towards the end of the year 1934, in the 'communal' riots (to use the relevant Indian term) which broke out, on the 24th-25th November, 1934, in the universities of Prague, between Czech and Deutschböhmen students.<sup>3</sup> On the Polish front, a promise of

<sup>1</sup> For the previous history of this Polish-Czechoslovak misunderstanding, see the *Survey for 1920-3*, pp. 210, 228, 281; the *Survey for 1924*, pp. 457-8; the *Survey for 1925*, vol. ii, pp. 247-50.

<sup>2</sup> For this, see the *Survey for 1933*, p. 197.

<sup>3</sup> Already under the Hapsburg régime the infection of Bohemia with the virus of linguistic nationalism had led to a schism in the University of Prague. The historic university, which had been founded in A.D. 1348 by the Luxemburger King of Bohemia and Holy Roman Emperor Charles IV, had become Germanized under a régime in which the Germans were the dominant nationality, and on this account it had been duplicated by the foundation of a Czech University at Prague in A.D. 1882. The break-up of the Hapsburg Monarchy and establishment of the Czechoslovak Republic, as a result of the General War of 1914-18, had subsequently inverted the positions of these two universities. It was now the Czech University's turn to be 'established' (to use the English ecclesiastical term) and the German University's turn to exist on sufferance. This reversal of rôles was symbolized in the passage of a law through the Czechoslovak Parliament in 1920 which decreed that the German University should hand over to the Czech University the insignia of the historic Charles University. The riots of November 1934 were the consequence of an order, issued by the Czechoslovak Ministry of Education, for putting the law of 1920 into effect.

The time-lag of some fourteen years between the order and the law is significant; for it was one among a number of contemporary indications that the Czechoslovak Government's original policy of moderation and conciliation towards the German minority in Czechoslovakia was now giving way to a policy of repression of the kind which had been applied to the subject national minorities from the outset in most other countries in post-war Europe. In considering this unhappy change in the domestic policy of the Czechoslovak

better relations which seemed to be implicit in the signature of a Czecho-Polish trade agreement on the 10th February, 1934, was belied on the 24th March, when twenty Czechoslovak residents in Poland were expelled, at twenty-four hours' notice, by the Polish police. On the home front, the perpetually simmering trouble between the Czechoslovak Government and the Slovak autonomists boiled over—in one of its periodical ebullitions—in September 1933, and on this occasion it involved the Czechoslovak Government in a brush with the Vatican, which was concerned in the affair in the persons of its *protégés*, the Slovak Clericals.

In this sea of troubles, Czechoslovakia clung tightly to the hand of France, which was already in her grasp, and at the same time clutched eagerly at the hand which Russia now held out to her. Monsieur Barthou received a warm welcome at Prague on the 26th–28th April, 1934,<sup>1</sup> and this diplomatic visit was returned by Dr. Beneš, in unexpectedly grim circumstances, when he conferred in Paris on the 13th–16th October, 1934, with Monsieur Barthou's successor Monsieur Laval after attending the murdered French Foreign Minister's funeral. Meanwhile, the exploration of the possibility of negotiating an East-European Pact, which had been started by MM. Barthou and Litvinov at their meeting in Geneva on the 18th May, 1934,<sup>2</sup> had been carried a stage further in a meeting between Dr. Beneš and Monsieur Litvinov at Marienbad on the 3rd September, 1934; and on the 11th December Czechoslovakia acceded to the Franco-Russian agreement of the 5th December, 1934, by which the contracting parties bound themselves, severally, not to enter—at any rate without previous consultation with one another—into any arrangements with another state which might be prejudicial to the ultimate conclusion of the Eastern Pact itself.<sup>3</sup> In a statement on the international situation which he made to both Houses of the Czechoslovak Parliament on the 6th November, 1934, Dr. Beneš gave his blessing to the accomplished fact of the Soviet Union's entry into the League, and to the imminent prospect of the conclusion of an agreement between France and Italy. At the same time, the measure of protection which Czechoslovakia stood to gain from a Franco-Russian

Government in the year 1934, the foreign observer will be led to ask whether this was the effect or the cause of the contemporary conversion of the German minority in Czechoslovakia to a militant National Socialism; but the question is difficult, and perhaps impossible, to answer.

<sup>1</sup> For Monsieur Barthou's round of visits, in 1934, to the capitals of the Central and East European allies of France, see pp. 347–9, below.

<sup>2</sup> See Section B (i) (c) of this part, pp. 387–8, below.

<sup>3</sup> For this Franco-Russian agreement, see Section B (i) (c), below, p. 387.

and a Franco-Italian *entente* did not suffice, in the Czechoslovak Government's eyes, to relieve Czechoslovakia herself from the urgent necessity of increasing her own national means of military self-defence. An extension of the term of military service from fourteen to twenty-four months was demanded, on the 14th November, 1934, by the Minister of Defence, from the Budget Committee of the Chamber; and a Bill which embodied this demand, and at the same time extended the reservists' annual period of training from twelve to twenty weeks, was duly passed by the Chamber on the 5th December. In an army order of the 29th of the same month, which was issued by President Masaryk as Commander-in-Chief, this step was explained as a purely defensive measure which had been forced upon Czechoslovakia by developments abroad and which had been deliberately delayed until 'iron necessity' had 'made it imperative to introduce it'.

In contrast to Czechoslovakia, France had probably nothing to fear for her own territorial integrity from the triumph of Herr Hitler in Germany—even on the assumption that the Prophet of National Socialism actually entertained the most far-reaching of the ambitions that were enlarged upon in his Qur'ān *Mein Kampf*.

Between his own accession to power at Berlin on the 30th January, 1933, and the taking of the plebiscite in the Saargebiet on the 13th January, 1935, Herr Hitler repeatedly declared that,<sup>1</sup> if the plebiscite were to result in the return of the Saargebiet to Germany, then 'the Third Reich' would have no further territorial claims to make upon France. A suspicious-minded Frenchman might be inclined to dismiss these assurances as a transparent device *ad hoc* for inducing France to refrain from any action which might prejudice Herr Hitler's chances of immediately gathering the Saargebiet into the Nazi fold; and he might prophesy that, if and when the re-incorporation of the Saargebiet into the Reich was once accomplished, Herr Hitler would promptly proceed to demand the return of at least the German-speaking parts of the former Reichsland in Lorraine and Alsace. To a neutral observer, such suspicions—however natural in French minds—would appear to overshoot the mark, and this for several reasons.

In the first place, the annexation of these French territories by Germany in 1871 had been proved to be a political mistake by the experience of the forty-seven years during which the Reichslanders—German-speakers and French-speakers alike—had remained subjects of Germany without ever becoming bone of her bone or flesh of her

<sup>1</sup> See pp. 591, 621, below.

flesh. Germany's failure to win their hearts had become a European laughing-stock, and the cause of this failure a European scandal. The Reichsland had brought its conquerors neither prestige nor strength; and now that the fortunes of war which had first associated the Reichsland with the Reich had proceeded to dissolve the partnership through the next turn of Fortune's wheel, even the most patriotic German might feel a secret sense of relief at this summary annulment of a forced political marriage which had brought happiness to neither party, and might be glad to say no more about so sore a subject. It was as reasonable to interpret Herr Hitler's assurances to France in this light as to discount them as being insincere; but the hypothesis that Herr Hitler really did mean what he said in this matter was supported by something more substantial than even the most plausible of inferences. In the canonical text of *Mein Kampf* itself, there was chapter and verse<sup>1</sup> for Herr Hitler's personal conviction that the Imperial German Government had made an egregious mistake of policy in fighting the War of 1914-18 on two fronts, and for the Nazi leader's intention, for his own part, to avoid a breach of the peace on the western front if ever he found himself in command of a Germany who had sufficiently recovered from the disaster of 1918 to make another bid for the eastern prize which she had held within her grasp in that fatal year.

On this showing, it has to be asked why the French could not sleep easy, as far as Herr Hitler was concerned—at any rate after the unexpectedly satisfying fulfilment of Herr Hitler's modest western aspirations in the Saar plebiscite of the 13th January, 1935. The announcement of the overwhelming vote in the Saargebiet in favour of immediate reunion with the Reich<sup>2</sup> might surely be taken as a sign that the frontier between France and Germany had come to rest at last after having fluctuated stormily throughout the thousand years and more that had passed since the first partition of the oecumenical Empire of Charlemagne. A frontier which had hitherto swayed to and fro in accordance with the fortunes of war could surely be stabilized if once it were anchored in the will of the people instead of being left at the mercy of their rulers' swords; and the people's will had been plainly manifested in the course of the sixty-three years that separated the 13th January, 1935, from the date at which Alsace-Lorraine had been ceded by France to Germany in the Treaty of Frankfurt. For forty-seven years, the people of the Reichsland had borne witness, under German rule, that they wished to return to

<sup>1</sup> See A. Hitler: *Mein Kampf* (München, 1930, Eher), chapter 4.

<sup>2</sup> See pp. 619, 626-7, below.

France; and thereafter, for sixteen years, the people of the Saar-gebiet, under an Allied occupation followed by the Versailles Treaty régime, had borne witness with equal constancy that they wished to return to Germany. Was not the Franco-German frontier now settled for ever, and the secular quarrel between France and Germany safely buried in the same grave as their thousand-years-long territorial dispute?

The disappointing answer to this question appeared to be that the territorial issue between France and Germany had indeed been eliminated, as far as could be seen, but that this did not necessarily imply the elimination of all cause for misunderstanding and strife between the two countries. The possibility of strife remained because territorial integrity and security was not the sole requirement of a national state in the twentieth-century Western World. Such states demanded, in addition, the security of their sovereign independence; and this meant in political terms that they should be safeguarded against the possibility of being dictated to by their neighbours, and in economic terms that they should be guaranteed sufficient elbow-room to enable their people to maintain whatever standard of living they regarded as their due. Unfortunately, this economic basis of sovereign independence might not be secured for Germany even if she were to succeed in uniting with herself not merely the Saargebiet but Austria and German Bohemia and the South Tirol into the bargain. And similarly the political basis of sovereign independence would not necessarily be secured for France even if she were assured of retaining, for ever, the restored frontiers of 1815.

The crux was Herr Hitler's—and Herr Rosenberg's—prescription for solving the economic problem of a German *Volk ohne Raum* by some form of German expansion overland eastwards which would re-establish Germany's control over all, and perhaps far more than all, the territories in this quarter which had actually been under Germany's military occupation at the moment when her military collapse in the west had compelled her to lay down her arms, and disgorge all her conquests, on the 11th November, 1918. No doubt *Mein Kampf* was the work of an irresponsible propagandist which might throw little more light upon the policy of a Reichskanzler Hitler than was thrown upon the ethics of a Pope Pius II by the writings of an Aeneas Sylvius Piccolomini. Indeed, in 1935, Herr Hitler in office declared himself ready to give pledges of non-aggressive intentions *vis-à-vis* Germany's eastern neighbours which, if sincerely meant, would effectively debar Germany from expanding eastward by force, however far they might fall short of the Franco-Russian

ideal of an Eastern Pact.<sup>1</sup> At the same time, the presumptive evidence for the sincerity of this apparent renunciation of Herr Hitler's avowed dreams of conquest in Eastern Europe was distinctly weaker than the corresponding evidence for the sincerity of his renunciation of territorial ambitions *vis-à-vis* France; and indeed, down to the time of writing in May 1935, no explicit renunciation of the eastern policy of *Mein Kampf* had been made public. In any case, in 1934, French suspicions of Germany's designs in the east were unallayed; and, whether these suspicions were reasonable or unreasonable, they undoubtedly produced a profound and perhaps decisive effect upon French policy.

Nor, if the danger of an eastward expansion of Germany were serious, could the French be blamed for taking it tragically. For, after all, the means by which Prussia had ensured her military superiority over France in 1870-1 had been through the previous establishment of a Prussian hegemony over the whole of Germany up to the frontiers of Austria. Suppose that Bismarck's work in the seventh decade of the nineteenth century were to be emulated in the fourth or fifth decade of the twentieth century by Herr Hitler on a vaster scale; suppose that the hegemony of an internally consolidated 'Third Reich' were now to be extended over the 'successor-states' of the Hapsburg Monarchy and the Romanov Empire in Central and Eastern Europe: how would France be able to deal with a neighbour who would then have swollen into a Power of three or four times the calibre of France herself? A Germany whose domain stretched from the Saar and the Rhine to the Black Sea coast of the Ukraine and the White Sea coast of Karelia would dwarf and overshadow France so completely that she might be able to dictate to her without needing to go to war with her, and to dispose of all her resources without needing to annex any of her territory. This was the nightmare that tormented French imaginations in 1934.<sup>2</sup>

<sup>1</sup> The Franco-Russian project for an Eastern Pact, and the German counter-proposals, will be dealt with in the *Survey for 1935*.

<sup>2</sup> The same anxiety was weighing upon Italian minds in a lesser degree, whereas the English, characteristically, were still succeeding in shutting their eyes to the fact that they were in the same boat as the Italians and the French. The actual strategic position of Great Britain over against the resurgent military power of Germany was indeed quite as perilous as that of France and perhaps rather more perilous than that of Italy; for the Channel might prove to be not an appreciably better defence against a German attack by land than were the new fortifications along the eastern frontiers of France and Belgium, while London was as dangerously exposed as Paris, and more dangerously than Rome or even than Milan, to a German attack from the air. In an age when air-power appeared to be superseding sea-power as the decisive factor in warfare, mountain-ranges seemed likely to become more effective than straits as strategic

How was the nightmare to be exorcised? If Monsieur Daladier's Government had remained in office, it is possible that France might have sought at last, at this eleventh hour, that direct understanding with Germany which had been advocated by the British and the Italians for ten years past. This faint hope was quenched, however, by the violent internal upheaval in France which replaced Monsieur Daladier by Monsieur Doumergue in the Presidency of the Council, and by Monsieur Barthou at the Ministry of Foreign Affairs, on the 9th February, 1934. Monsieur Barthou was a veteran of Monsieur Poincaré's 'Die-Hard' political regiment.<sup>1</sup> Under Monsieur Poincaré's inspiration, he had been one of the architects of that structure of alliances between France and the Central and East European 'successor-states' which had been France's substitute for the abortive British and American military guarantees of the 28th June, 1919.<sup>2</sup> It was natural that Monsieur Barthou, when he found himself unexpectedly back in office at a critical moment of European history, should seek, first and foremost, to save his own previous diplomatic handiwork; and he appears<sup>3</sup> to have taken the view that the maintenance of France's Central and East European alliances was not compatible with a direct understanding between France and Germany. On this view, any such understanding would be tantamount, in ultimate effect if not in French intention, to the delivery, by France to

insulators; and on this showing Italy might claim that the unique advantage of being the one insular Great Power in Europe was on the point of passing from Great Britain to herself. Nevertheless, in 1934, the English—with their traditional dislike of boarding the train before it was actually moving out of the station—remained as confident of their insularity, to all appearance, as they had been on the morrow of the Battle of Trafalgar. It is possible, of course, that this appearance was illusory and that the procrastination was due, not to any ill-founded confidence in a security which had ceased to exist, but rather to a prudent delay in deciding which train it was that it was desirable to catch! The rush for the anti-German train in 1934 was warningly reminiscent of the similar rush for the anti-Russian train in 1919; and if that train had turned out to be the wrong one, the same discovery might be made too late by passengers who impulsively boarded this anti-German train fifteen years later. A phlegmatic policy of wait-and-see might perhaps give the English time to make sure whether it might not, after all, be an anti-Italian or an anti-Japanese train that best suited their convenience! If this interpretation of the British attitude in 1934 proved to be correct, then the procrastination would have to be taken as a symptom of *sans froid* and not of inertia.

<sup>1</sup> Monsieur Barthou had been President of the Foreign Affairs Committee of the Chamber of Deputies in 1920; he accepted office as Minister of War in Monsieur Briand's Cabinet in January 1921 and from January to October 1922 he was Minister for Justice under Monsieur Poincaré.

<sup>2</sup> See the *Survey for 1920-3*, Part III, section (ii) (3) (f); the *Survey for 1924*, Part I A, section (ii); Part II B, section (vi).

<sup>3</sup> See an interesting despatch, dated the 29th and published on the 30th November, 1934, from the Paris correspondent of *The Manchester Guardian*.



Germany, of a blank cheque for the satisfaction of Germany's eastern ambitions; and the inevitable result would be that France would lose her present friends. They would either seek a more zealous protector elsewhere or else, failing to find one whose protection would be effective, they would rush—every 'successor-state' for itself—to make the best terms that they could with the new German arbiters of their destinies. In either event, Germany—whether with or without having to fight for it—would enter into her coveted Eastern Empire; and therewith the dreaded dwarfing of France by Germany would be a *fait accompli*.

Could this fatal train of events be averted? It could, in Monsieur Barthou's belief, if a French policy of accentuated intransigence, à la Poincaré, towards Germany<sup>1</sup> were combined with a vigorous effort not merely to confirm the existing French system of alliances, but to enlarge it. In shaping this part of his policy, Monsieur Barthou was manifestly much impressed and influenced by the marked and rapid change in the international orientation of Russia and Italy. These two ex-Ally Great Powers, who had been gravitating more and more decidedly towards the German camp since the morrow of the Peace Settlement,<sup>2</sup> were palpably being stampeded, by Nazi antics, into repenting of their 'post-war' folly, and were casting about, once again, for some security against a German danger which had so truculently reasserted itself. Here, in Monsieur Barthou's eyes, was an opportunity which France could not afford to let slip. If she were to follow up the confirmation of her existing alliances by opening her arms to Russia and Italy and welcoming them back into the anti-German fold, she would have assembled such an overwhelming anti-German coalition that 'the Third Reich'—even if it re-armed to the uttermost—would find itself in a relatively far more unfavourable military position than that of its despised 'post-war' predecessor, the Weimar Republic. Such appears to have been Monsieur Barthou's calculation; but, if it was, the sequel showed that there were several pertinent facts that had escaped his notice.

The first of these facts was that the French alliance had been steadily losing popularity in at least two allied countries, namely Poland and Yugoslavia. In these two young national states, the prevailing emotion of the dominant elements was a national *amour propre*—a malady of political adolescence which was fostered in these

<sup>1</sup> Monsieur Barthou's studied intransigence towards Germany over the armaments question will be dealt with in the *Survey for 1935*.

<sup>2</sup> For this post-war tendency towards the formation of an anti-French bloc including Germany, Italy and Russia, see the *Survey for 1930*, pp. 125–30.

countries by a narrowness of political vision. The Poles and Jugoslavs were apparently more conscious of their own recovery of strength since the end of the War than of Germany's; and they therefore began to find a French tutelage and patronage intolerably irksome at the very moment when a more far-sighted statesmanship might have taken the view that the link with France was more necessary than ever for these countries' salvation. The irritation against France which sprang from this political root was also aggravated by economic circumstances; for, on the economic plane, France was no more natural a partner for Poland and the Little Entente countries than Italy was for Austria and Hungary. France could not be their principal market and source of supply; she could only be their principal money-lender; and the French did not possess the British knack of keeping on good terms with their debtors.

The second fact with which Monsieur Barthou failed to reckon was that a Franco-German understanding was by no means the only possible new departure in French policy that could alienate the existing friends of France. The event showed that a Franco-Russian understanding was quite as unpalatable as a Franco-German understanding to Poland, and a Franco-Italian understanding far more unpalatable than a Franco-German understanding to Jugoslavia. The Jugoslavs made it apparent that, while they would not easily be induced to march in order to prevent the *Anschluss* or *Gleichschaltung* of Austria to Germany, they would regard it as a *casus belli* if Italian troops were to trespass on Austrian territory for the purpose of keeping the Germans out. And it seemed possible that Marshal Pilsudski, at any rate (and he dictated Poland's policy to his countrymen), would prefer, in a future war, if Poland could not preserve her neutrality, to side with Germany against Russia and Czechoslovakia rather than with Russia and Czechoslovakia against Germany.

The third factor that militated against Monsieur Barthou's policy was the reaction of the majority of France's existing allies towards Germany's recovery of strength in so far as they were sensitive to it. For in this matter Czechoslovakia, whose reaction has been described above, was in a minority of one in taking Germany's resurgence as tragically as it was taken by France herself. The other three countries in question all seem to have dallied, at one time or another, with the idea of making their own arrangements with the resurgent Power.

In order to understand this at first sight inexplicable *insouciance*, it has to be borne in mind that, while the triumph of National Socialism in Germany placed Czechoslovakia under pressure from the outset, the first effect, for each of the three other countries, was to

relieve it of some other pressure to which it had previously been subject. Poland, for example, was released, by Herr Hitler's complete reversal of the philo-Russian policy of the Weimar Republic, from that menace of a Russo-German encirclement which had been overshadowing her ever since the conclusion of the Treaty of Rapallo;<sup>1</sup> and it is probable that, at any other time since then, the Poles would have been just as prompt to accept the offer which was now tendered to them by Herr Hitler—supposing that this offer had been anticipated by Dr. Brüning or by Dr. Stresemann.<sup>2</sup> Again, the secession of Russia, in the face of the militant hostility of 'the Third Reich', from the revisionist to the anti-revisionist camp released Rumania at last, in fact if not in form, from the obstinately maintained refusal of the Soviet Government to recognize the Rumanian title to Bessarabia.<sup>3</sup> And the more gradual alienation of Italy from Germany in the course of the year 1934 brought with it a corresponding diminution of the post-war Italian pressure upon Yugoslavia in the Adriatic.<sup>4</sup> Hence, Yugoslavia and Rumania and Poland, unlike Czechoslovakia, each actually benefited indirectly, at a certain stage, from the change of régime and temper and policy in Germany; and Yugoslavia and Rumania took advantage of this relief in order to luxuriate in their intransigence towards Hungarian irredentism,<sup>5</sup> while Poland took advantage of it in order to pay off some old scores against a hard-pressed Czechoslovakia.<sup>6</sup>

In fact, the first reaction of these four countries towards the change in Germany was not auspicious for Monsieur Barthou's project of marshalling an all-inclusive anti-German front; and there were certain other considerations which were actually inclining these former French satellites towards arriving at positive understandings with Germany which would be in direct opposition to the French statesman's policy. In the economic field, all three countries stood to gain greatly by entering into commercial agreements with Germany if

<sup>1</sup> See the *Survey for 1920-3*, pp. 30-1; the *Survey for 1933*, pp. 183-6.

<sup>2</sup> On this point see p. 328 above.

<sup>3</sup> See the *Survey for 1920-3*, Part III, section (ii) (4); the *Survey for 1924*, Part I C, section (vii); the *Survey for 1926*, p. 156 n., 159 n.; the *Survey for 1927*, pp. 297-300.

<sup>4</sup> See footnote on pp. 328-9, above and section D (ii), pp. 557 *seqq.*, below.

<sup>5</sup> Yugoslavia and Rumania remained equally intransigent towards Bulgarian irredentism; but in this case their intransigence, even on such a capital point, did not stand in the way of a marked improvement in the general cordiality of their respective relations with their irredentist neighbour. See section D (i) below.

<sup>6</sup> It would be rash to assume that these scores were imaginary or fictitious. In the post-War friction between Poland and Czechoslovakia, the aggression had by no means been all on one side.

these were attainable ; and the Yugoslav-German commercial negotiations, which were opened at Belgrade on the 15th March, 1934, duly resulted in the signature of a commercial treaty on the 1st May. In Poland, which was Germany's direct neighbour, and even in Yugoslavia, which would become her direct neighbour in the event of a *Gleichschaltung* of Austria, economic considerations were no doubt outweighed by political ; and here an exaggerated estimate of their military strength may have betrayed both these fledgeling Powers into contemplating dangerous courses. In both Yugoslav and Polish minds, the growing impatience at being the satellites of France seems to have gone hand in hand with a belief that Poland or Yugoslavia (as the case might be) had now become strong enough to make her friendship or hostility a question of serious moment to Germany, and thus to enable the parvenue Power to come to an understanding with the resurgent Power on favourable terms.

To an outside observer such notions (if Polish and Yugoslav and Rumanian statesmen were really to be credited with them)<sup>1</sup> might seem rather naïvely optimistic. Supposing that Germany were really to succeed in overawing the three West-European Powers into passivity and then dealing a 'knock-out blow' to the Soviet Union, it was surely evident that, after that, she would hold every one of the 'successor-states' at her mercy. Poland, as it was, was already almost as dangerously exposed to attack by a rearmed Germany as was Czechoslovakia ; Yugoslavia would find herself in as hopeless a strategic position if Germany were to absorb Austria and join hands with Hungary ; and even Rumania was well within the reach of Germany's arm. What, then, would happen to these three countries if ever Germany became militarily dominant in Central and Eastern Europe ? Perhaps they would not even then have to fear the complete partition and extinction which, in such circumstances, might be the fate of Czechoslovakia ; and the territorial losses which would be imposed upon them might even be set off by territorial compensations in other directions—for Poland and Rumania at the expense of the Soviet Union, and for Yugoslavia at the expense of Italy. Nevertheless, the minimal territorial losses which they would have to expect would be serious enough ; for Poland would certainly have to retrocede to Germany at any rate the Corridor and Polish Upper Silesia, while Rumania and Yugoslavia, as well as Czechoslovakia, might

<sup>1</sup> The evidence for a Germanophil trend of policy was much less strong and clear in Yugoslavia than it was in Poland, while in Rumania the success of Monsieur Titulescu in maintaining, or recovering, his ascendancy could be taken as an indication that in this country the Francophil trend was still prevalent.

have to pay their territorial toll to the demands of Magyar irredentism.<sup>1</sup>

These possible penalties of playing Germany's game were so obvious to any open-eyed student of international affairs, and so odious to the nations from whom they were to be exacted, that in Polish and Yugoslav and Rumanian, as well as Czechoslovak, minds they might have been expected far to outweigh all the other considerations put together—the irritation against France, the hostility to Italy or Russia, the confidence of these young national states in their own callow strength, and the calculation that closer economic relations with Germany would prove to be good business. The Polish and Yugoslav statesmen who were showing signs, at this time, of veering towards Germany and steering away from France might perhaps have retorted to a British critic that the optimism of which he was accusing them was at any rate no more naïve than his own alarmist estimate of 'the Third Reich's' ambitions, and of her ability to achieve them. They might have argued that the notion of Germany's being either eager or able to attack the Soviet Union and deal it a 'knock-out blow' was quite as fantastic as the notion that, in such an event, either Poland or Yugoslavia would be able to put a spoke in Germany's wheel. It was no doubt true that 'the Rosenberg plan', as endorsed in *Mein Kampf*, could not be taken at its face value as a sure indication of Herr Hitler's policy now that he was in office. Yet, even if this retort were cogent in itself, it seems unlikely that it can have represented the real calculations of the statesmen of the 'successor-states', who hitherto had shown themselves prone to exaggerate and not to minimize the dangers besetting their respective countries. We can hardly suppose that Polish and Yugoslav observers were inclined to discount Germany's apparent resurgence as a piece of bluff. Some further explanation seems to be required for the extraordinary spectacle of the Polish mouse deliberately putting his head into the German cat's mouth at the moment when this redoubtable mouser was patently growing a new crop of teeth; and this explanation might perhaps emerge from a consultation between the historian and the psychologist.

<sup>1</sup> It would have been difficult, almost to the point of impossibility, for German diplomacy to purchase Hungary's whole-hearted support except at the price of committing itself to some, at least, of Hungary's territorial claims upon Rumania. Towards Yugoslavia, on the other hand, the Magyar irredentists might conceivably rest content with the recovery of a right of way to the Adriatic coast without insisting upon any retrocession of territory. Here, therefore, the task of German diplomacy was easier; and it is possible that the Yugoslav Government had been given to understand that Germany would not support any Hungarian territorial claims upon Yugoslavia.

The historian would point out that the 'post-war successor-states' in Central and Eastern Europe could not expect to enjoy, *de facto* and *en permanence*, that plenitude of sovereign independence that had been conferred upon them juridically in the Peace Treaties on the pattern of the sovereignty that had actually been exercised, by the Great Powers of the Western World, during the four centuries ending in 1914. As plenary sovereign independent states, these 'successor-states' were not *viables*; and the fateful question for their destiny lay in the choice between the two possible ways in which their inevitable 'mediatization' might be accomplished. Either they might surrender their untenable title to sovereignty voluntarily and partially, in a non-revolutionary way and on an equal footing with their older and stronger neighbours, by throwing themselves into a victorious effort to build up, out of pooled sovereign rights, a workable collective international order; or alternatively they would lose their sovereignty in a more old-fashioned and familiar way through being annexed or enslaved by some aggressive Great Power on the war path.<sup>1</sup> At this point the psychologist, taking up the tale, might suggest that it was actually easier for the nations concerned to reconcile themselves to a brutal and drastic curtailment of their sovereignty on traditional lines, than to a gentle modification of it in the novel shape of the collective system. For, to backward and untutored minds, the novelty and subtlety of the collective idea might prove to be an insuperable stumbling-block which would prevent them from ever considering it on its merits, whereas the habit of ages would incline them to bow their necks to brute force as soon as this confronted them again in overwhelmingly superior strength. On this showing, the psychologist might interpret the outward behaviour of the Central and East European 'successor-states' in 1934 as evidence of a subconscious resignation to the inevitability of a coming German hegemony in the souls of nations which had failed to rise to that ideal of a collective pooling of sovereignty which was their only practicable alternative destiny.

<sup>1</sup> The situation of the Central and East European 'successor-states' after the General War of 1914-18 may be compared with that of the minor states of Germany after the General War of 1792-1815. In this case, likewise, the permanent retention of a plenary sovereignty was not a practical possibility; the minor states of Germany had the choice between making a success of the new-fangled German Confederation or else being swallowed by Prussia; and, after failing to make the moderate sacrifice of sovereignty that was involved in the former alternative, they acquiesced tamely in the latter. In 1934 it looked as though Poland and Jugoslavia and Rumania might be destined to be the Saxony and Bavaria and Württemberg of the twentieth century, and Czechoslovakia perhaps the Hanover!

It is at any rate a fact that, in all these countries in the year 1934, a temper reigned which displayed itself in a passionate refusal of those minimal sacrifices of sovereignty which were manifestly necessary if the collective system was to survive. A case in point is Poland's unilateral repudiation of her minorities protection treaty at the sixteenth session of the League of Nations Assembly.<sup>1</sup> The immediate motive for this action may be found, no doubt, in a determination to make sure that the Soviet Union should have no handle against Poland on the League Council, of which the Soviet Union was on the point of becoming a permanent member. Yet, to any one who was not in a subconsciously suicidal mood, this consideration must have appeared trivial by comparison with the fact that Poland, in unilaterally denouncing one part of the 'post-war' treaty structure, was opening the way for Germany to destroy, by the same method, the entire juridical foundation on which *Polonia Rediviva* was established. A similar impression is made by the equally passionate fanaticism with which the Little Entente, under the lead of Monsieur Titulescu,<sup>2</sup> repeatedly inveighed, during the year 1934, against the idea of even an agreed and pacific revision of the territorial chapters of the Peace Treaties. No doubt, for all states everywhere at all times, the surrender of territory was a peculiarly painful sacrifice;<sup>3</sup> and, no doubt, also, if once revision were begun, it would be difficult to be certain where it was going to stop. Yet, in thus vehemently ruling out the prospect of any voluntary retrocession of territory whatsoever, Monsieur Titulescu was exposing his country and her allies to the far greater risk of forfeiting their independence altogether; for, if Article 19 were wrongfully expunged from the Covenant of the League of Nations by the unilateral action of the 'satisfied' states, it was certain that Articles 10 and 15 and 16 would be swept away, sooner or later, with an equal high-handedness, by the states at whose expense the territorial Peace Settlement had been made.

Nevertheless, Monsieur Titulescu's preference for the greater but remoter risk, over the lesser but more immediate risk, was manifest in his words and deeds. In October 1933 the Rumanian statesman

<sup>1</sup> See section B (i) (c) of this part of the present volume, pp. 396-8.

<sup>2</sup> Monsieur Titulescu's anti-revisionist declarations during 1934 can be matched by corresponding pronouncements on the part of Dr. Beneš; but it may be conjectured that, by this time, the Czech statesman's heart was no longer in the rôle which he still dared not cease to play (on this point, see pp. 331-2, above).

<sup>3</sup> This extreme repugnance to the cession of territory was a legacy from the primitive tribal feeling of which the modern Western institution of Nationalism was a revival. The Bolsheviks had been notably free from this superstition during the early years of their tenure of power, but they had succumbed to it in their attitude over Bessarabia and they were completely in its grip in 1934.

paid a round of visits to Warsaw, Sofia, Angora, Athens and Belgrade<sup>1</sup> and declared, at the end of it, that he had found a complete solidarity of aims and outlook as between the Little Entente and Poland. Monsieur Titulescu's statement to this effect at Belgrade on the 27th October, 1933, was promptly followed by a speech which Dr. Beneš delivered on the 31st of the same month. The Czechoslovak statesman intimated that his Government were only willing to consider making an economic *rapprochement* towards Hungary on condition that the Magyars refrained from all further agitation for treaty-revision, and this demand drew a sharp rejoinder from the Hungarian Foreign Minister on the 10th November. On the 10th–11th December, 1933, Monsieur Titulescu visited Dr. Beneš at Košice in Slovakia, and there broadcast a speech in which he denounced the 'infamous propaganda' that was being made in favour of territorial treaty-revision; declared that the demand for territorial revision meant war; and added that Rumania would assist Czechoslovakia to defend her territorial integrity if occasion arose. On the 12th December General Gömbös retorted that Hungary would not be asking for revision if she were contemplating war. On the Little Entente side, treaty-revision propaganda was denounced once again in the joint *communiqué* on the meeting of the Permanent Council of the Little Entente which was held in Zagreb on the 22nd–23rd January, 1934. Thereafter, in the Parliament at Belgrade on the 12th March, 1934, the Yugoslav Foreign Minister, Monsieur Jevtić, declared that any attempt to restore the Hapsburg Dynasty in Austria or Hungary would lead to bloodshed; and in the Parliament at Bucarest, on the 4th April, Monsieur Titulescu declared his dislike, and rejection, of both the Hungarian and the Italian brand of revisionism (while at the same time drawing a pointed distinction between the Italian brand, which was merely abstract and wrong-headed, and the Hungarian, which was concrete and criminal). To this, a speaker in the Hungarian Upper House replied on the 5th April by denying the moral validity of a treaty which had been imposed instead of being negotiated. On the 16th–19th April Monsieur Titulescu visited Paris to impress his point of view upon Monsieur Barthou on the eve of the French Foreign Minister's departure on his own round of visits to Central and East European capitals.

Monsieur Barthou showed his mettle by grappling first with Poland, who was the most powerful of the existing allies of France and at the same time the most recalcitrant of them all towards Monsieur Barthou's project for an anti-German grand alliance. His visit to

<sup>1</sup> See Section D (i), p. 524, below.



Warsaw lasted from the 22nd to the 24th April, 1934; and, to judge from the non-committal language of the final *communiqué*, the results were disappointing. Monsieur Barthou consoled himself by going on from Warsaw to Prague, where the success of his visit on the 26th–27th April was so much of a foregone conclusion that the visit itself might almost appear superfluous. After his return to Paris upon the completion of this first part of his itinerary, Monsieur Barthou was visited in his turn by Monsieur Jevtić on the 10th–13th June. This visit was followed, on the 18th–20th June, by a meeting of the Permanent Council of the Little Entente at Bucarest; and on the last day of this meeting, at which the Little Entente reaffirmed its veto upon a Hapsburg restoration, Monsieur Barthou arrived in Bucarest on the first stage<sup>1</sup> of the second part of the itinerary which he had undertaken. On this visit to Bucarest Monsieur Barthou let himself go—whether because his feelings were stirred by the magnetism of Monsieur Titulescu's kindred spirit, or because he divined, now that he was on the spot, that the public opinion of Rumania did not entirely abound in Monsieur Titulescu's sense (a painful discovery which might well stimulate the 'Die-Hard' French statesman to make a frantic bid for the retention of Rumania's loyalty to the cause of Franco-Rumanian solidarity). In a speech which he delivered on the 21st June, 1934, at a special joint session of the Rumanian Senate and Chamber of Deputies, Monsieur Barthou addressed his audience as 'My dear fellow-countrymen' (an allusion to the honorary citizenship of Rumania which had just been conferred upon him), and spoke the words:

know that, if a square centimetre of your territory is touched, France will be at your side.

Prefaced, as it was, by a speech from Monsieur Titulescu himself on the text of 'No, no, never', Monsieur Barthou's uncompromising guarantee of the 'post-war' territorial *status quo* produced consternation in Hungary,<sup>2</sup> annoyance in Italy and misgivings in France. In a second speech at Bucarest the French Foreign Minister drew a dazzling picture of pacts which stretched 'from Prague to Angora' and which created a zone of peace; but a sceptical-minded French

<sup>1</sup> On his way to Bucarest Monsieur Barthou had broken his journey at Vienna on the 19th June, 1934, and had there discussed the economic situation of Austria with Dr. Dollfuss.

<sup>2</sup> On the 25th June, 1934, an effigy of Monsieur Barthou was publicly burnt in Budapest during a demonstration by students; and on the 26th the Hungarian Prime Minister declared that Monsieur Barthou's words had disappointed Hungary of her hope that the foreign policy of France was based not on bayonets but on a conception of justice.

public was moved, by Monsieur Barthou's hyperboles, to ask itself whether the anti-German grand alliance was not being bought too dearly at the price of these unlimited French commitments. Meanwhile the indefatigable disciple of Monsieur Poincaré was completing his itinerary by the payment, on the 24th–26th June, 1934, of a visit to Belgrade, where he was likewise honoured at a joint meeting of both Houses of Parliament—a ceremony which gave the Prime Minister of Yugoslavia an opportunity of thanking his French guest 'for his answer to those who' made 'economic co-operation in Central Europe conditional upon the revision of frontiers'. After this Monsieur Barthou returned to Paris, where he was visited by Monsieur Tatarescu, the Rumanian Prime Minister of the day, on the 12th July, 1934, and by Monsieur Titulescu on the 31st August.

These French official visits to Warsaw, Prague, Bucarest and Belgrade—and Czechoslovak, Rumanian and Yugoslav official visits to Paris—in the later months of 1933 and the earlier months of 1934 had their counterpart in a parallel series of comings and goings between the capitals of the 'dissatisfied' countries. For example, in October 1933 the Hungarian Prime Minister and Foreign Minister, General Gömbös and Monsieur de Kanya, broke their journey at Sofia, on their return from a visit to Angora for the signature, on the 22nd of that month, of an instrument prolonging for a further five years the existing Hungaro-Turkish Neutrality, Conciliation and Arbitration Treaty. King Boris of Bulgaria was in Berlin on the 28th February–3rd March, 1934; and the Bulgarian Prime Minister also paid his respects there, as well as at Paris and at London, in the April of the same year, before breaking his homeward journey at Budapest on the 26th April (the date of Monsieur Barthou's arrival at Prague).<sup>1</sup> Thereafter Budapest received two visits from German statesmen: from General Göring on the 24th May, 1934, and from Herr von Papen (who was now Herr Hitler's Envoy Extraordinary at Vienna)<sup>2</sup> on the 28th September. A visit which General Gömbös paid to Warsaw on the 19th–21st October, 1934, ought perhaps to be mentioned in the same context, in view of Poland's virtual secession, by this time, from the French camp. On this occasion General Gömbös signed nothing but an innocuous convention for the promotion of intellectual co-operation between Hungary and Poland; but at the same time it was agreed to set up a committee for the development of Polono-Hungarian commercial relations; and Marshal Pilsudski was reported to have intimated to his Magyar visitor his unwillingness to involve Poland in any further political commitments

<sup>1</sup> See p. 348, above.

<sup>2</sup> See Section C (i), pp. 479–80, below.

(a communication which, for General Gömbös, must have taken some of the sting out of the late Monsieur Barthou's pronouncements at Bucarest four months before).

At first glance, these counter-demonstrations might appear almost pathetically unequal to Monsieur Barthou's impetuous triumphal progress; yet it may be doubted whether the veteran French statesman's abrupt and violent end came in time to save him from disillusionment over the results of his valiant efforts. As has been suggested above, the real state of feeling in the Central and East European 'successor-states' could not be gauged by the ostensible cordiality with which Monsieur Barthou was welcomed in their capitals. The actual effect of his activities could only be measured by the extent of his eventual success in inducing these existing allies of France to do those things which they would have to do—and leave undone those things which they would have to leave undone—in order to bring Monsieur Barthou's dream of an anti-German grand alliance into the realm of practical politics. For a mundane politician the dream was ambitious; for, in times past, it had required a prophet to coax the lion and the lamb into lying down together, and a god to hitch his chariot to a team of pards; and the feat of coachmanship which Monsieur Barthou was attempting was even more bizarre than the legendary miracle of the triumphant Dionysus. The wild beasts whom the French *virtuoso* was proposing to drive in double harness were not even carnivores of a uniform species. He was undertaking to yoke a Russian vulture to a Polish eagle, and a Lion-of-Saint-Mark to a Jugoslav unicorn; and nothing short of success in this pair of *tours de force* would entitle him to receive the victor's crown.

Could Monsieur Barthou induce Poland to join with France and Czechoslovakia and Russia in concluding an East-European mutual assistance pact (with or without German participation)? And could he induce Jugoslavia to open the way for a Franco-Italian *entente* by composing her own quarrel with Italy? Marshal Pilsudski's negative answer to the first question of the two must have become known to Monsieur Barthou, in effect, when he paid his visit to Warsaw in April 1934, though it was not until after Monsieur Barthou's death and the turn of the calendar year that this Polish refusal was publicly made explicit.<sup>1</sup> The answer to the question whether Jugoslavia would consent to make her indispensable contribution to a reconciliation between France and Italy was to have been given by King Alexander in that visit to France which was cut short, on the

<sup>1</sup> The history of the negotiations for an East-European Pact will be dealt with in the *Survey for 1935*.

threshold, by the assassination of the King himself—and the incidental killing of Monsieur Barthou—on the 9th October, 1934, when King Alexander landed at Marseilles.

The importance of this frustrated visit illustrates the difficulty that was inherent in Monsieur Barthou's uncompleted task; for King Alexander's purpose was to attempt, in co-operation with the French Government, to close the formidable breach between the policies of Yugoslavia and Rumania on the one hand and those of Czechoslovakia and France on the other hand which had been opened, since the beginning of the year 1933, by the violent explosion of National Socialism in Germany. While Czechoslovakia was now at one with France in being concerned above all to guard against a German peril, and was ready to make common cause with Italy for this purpose, Yugoslavia and Rumania were still obsessed by their quarrel with Magyar irredentism and Italian revisionism.

In fact, in the year 1934, the portent of Germany's resurrection as an armed and militant Power had not yet come to dominate the international politics of the whole of Europe; and there were at least two regions where some of the mice could still be seen indulging in their 'post-war' games. One such region was South-Eastern Europe—as will appear from the account, which is given in a later chapter,<sup>1</sup> of the relations between Yugoslavia, Italy and Hungary both before and after the crime of the 9th October, 1934. Another region which was behind the times was the Balticum, where the Lithuanians were singularly slow to awaken to the fact that they could not afford to embark upon a new feud<sup>2</sup> with a Germany who was recovering her strength and at the same time to carry on their old feud with a Poland who was now ominously gravitating towards the German camp.

Even in these two sluggish regions, however, the year 1934 saw certain constructive achievements. In the Balticum the outstanding positive event of the year was the establishment of the Baltic Union<sup>3</sup> between Lithuania and her two Baltic neighbours Latvia and Estonia. This *rapprochement* between the three Baltic states was made possible by Lithuania's tardy relaxation of that implacable hostility towards Poland which had hitherto deterred Latvia and Estonia from taking Lithuania into partnership; and this change in Lithuania's policy was—like her great eastern neighbour Russia's *rapprochement*

<sup>1</sup> See section D (ii), below.

<sup>2</sup> The history of the relations between Lithuania and Germany over the Memelland, which has been dealt with in previous volumes (see the *Survey for 1920-3*, Part III, section (ii) (3) (c), and the *Survey for 1932*, Part IV, section (iv)), will be taken up again in the *Survey for 1935*.

<sup>3</sup> See section B (ii), below.

towards France and entry into the League—a direct reaction to the triumph of National Socialism in Germany; for Herr Rosenberg was a Baltic German;<sup>1</sup> and the Balticum loomed as large as the Ukraine in the Rosenbergian gospel of the *Drang nach Osten*.<sup>2</sup> In South-Eastern Europe the outstanding positive event was the conclusion of the Balkan Pact, and in this transaction the influence of a reviving fear of Germany can scarcely be traced.<sup>3</sup> The immediate object of the four signatories—Turkey, Greece, Yugoslavia and Rumania—was to arrange for a mutual insurance against the irredentist aspirations of Bulgaria, and so to set Turkey, Greece and Yugoslavia free to concentrate upon defence against Italy,<sup>4</sup> and Rumania and Yugoslavia free to concentrate upon defence against Hungary.

In its outward structure the new Balkan Group resembled the Little Entente (to which two of its members belonged) in being a ring of 'satisfied' states surrounding a 'revisionist' state at whose expense their own present satisfaction had been obtained at the Peace Settlement. In spirit, however, the younger East-European anti-revisionist alliance was happily distinguished from its model; for, while the moral gulf between the Little Entente and Hungary was still as wide in 1934 as it had been when the Little Entente was founded in 1920-1,<sup>5</sup> the outlook for a reconciliation between Bulgaria and the original members of the Balkan Group was distinctly more promising. This pact between Bulgaria's four Balkan neighbours had arisen out of a series of non-official Balkan Conferences<sup>6</sup> in which the Bulgarians had participated; the negotiation of the pact had been accompanied by a remarkable improvement in the relations between Bulgaria and Yugoslavia (the neighbour with whom Bulgaria had the biggest bone to pick); and Bulgaria's refusal to become a party to the pact in the first instance was not an irrevocable act any more than it had been a fore-gone conclusion. In particular the Bulgaro-Yugoslav *détente* was an

<sup>1</sup> Hence his name, which would have laid him under suspicion of being a non-Aryan if he had come from any other quarter of the German-speaking World except the Balticum.

<sup>2</sup> In Lithuania, apart from the Memelland, there was no German minority; but although Lithuania Proper was thus—unlike Latvia and Estonia—theoretically beyond the pale of German irredentism, it was obvious that, in practice, German irredentist ambitions in Latvia and Estonia could only be satisfied if the Lithuanian corridor, which insulated these two countries from East Prussia, were likewise brought under German control.

<sup>3</sup> See section D (i) below.

<sup>4</sup> For the abiding fear, in these countries, of possible Italian aggressive intentions, see p. 330, above.

<sup>5</sup> See the *Survey for 1920-3*, Part III, section (iii) (2).

<sup>6</sup> See the *Survey for 1930*, Part II B, section (ii); the *Survey for 1931*, Part III B, section (i); the present volume, section D (i) of this part.

auspicious feature in the situation in the Balkans which unhappily had no counterpart on the Middle Danube.

The foregoing survey of the history of international relations in Europe during the year 1934 would be incomplete without some reference to the question whether, in this critical year, the European states were moving towards another war. At the time of writing, in the May of 1935, the only genuine light on this momentous question that could be obtained by the anxious observer of events was to be found in the European reactions to the two sensational political crimes with which this year's annals were stained: the murder of Dr. Dollfuss and the assassination of King Alexander (in whose company Monsieur Barthou also lost his life). These two crimes of 1934 were comparable to the assassinations of Sir Lee Stack in 1924,<sup>1</sup> General Tellini in 1923,<sup>2</sup> and the Archduke Franz Ferdinand and his wife in 1914; and, when these comparisons are made, it becomes evident that, in the short span of twenty years, a great and encouraging advance had been made towards safeguarding Mankind against the old danger of being plunged into war by irresponsible political crimes of this character. The sequels to the two crimes of 1934 were advantageously distinguished from the sequels to the three earlier crimes above mentioned in two ways. In the first place, a much greater self-restraint was now displayed in the countries which were emotionally affected; and in the second place an international diplomatic machinery for dealing promptly and wisely with such emergencies had now been created almost *ex nihilo*. Here was a bow in the cloud which even the most cautious and sceptical-minded observer might permit himself to take as a good omen. If it was true that the recrudescence in 1934 of an anarchic Nationalism was partly due to a disappointment with the apparent inadequacy of the League's achievements, it was not less true that the League now gave proof of an unexpected effectiveness as a means of coping with the crop of international crimes and crises which sprang, in 1934, from the sowing of the frenzied nationalists' dragon's-tooth seed.

<sup>1</sup> See the *Survey for 1925*, vol. i, pp. 212 *seqq.*

<sup>2</sup> See the *Survey for 1920-3*, Part III, section (iii), (11).

## PART III

### EUROPE

#### B. NORTH-EASTERN EUROPE

##### (i) Relations between the U.S.S.R. and France and the Admission of the U.S.S.R. to Membership of the League of Nations.

###### (a) THE REVERSAL OF THE OUTLOOK OF THE COMMUNIST PARTY OF THE SOVIET UNION

THE admission of the Soviet Union to membership of the League of Nations, with a permanent seat on the Council, on the 18th September, 1934, was an epoch-making event in the history of the Union,<sup>1</sup> and therefore in the history of the World, of which the Soviet Union at this time represented so large a part.<sup>2</sup> This international transaction at Geneva completed and confirmed and avowed a change in the policy of the Union Communist Party<sup>3</sup> which by then had been in progress for a decade (since it had begun immediately after the death of Lenin on the 21st January, 1924); and this change amounted, in its cumulative effect, to an entire reversal of the policy which the Bolshevik Prophet and his Companions had believed in and pursued when they seized dominion over the derelict domain of the former Russian Empire in A.D. 1917.

The immediate motives that prompted this final step are proclaimed by the date; for the day on which the Soviet Union entered the League was the third anniversary of the Japanese outbreak in Manchuria on the night of the 18th–19th September, 1931,<sup>4</sup> and it was less than twelve months after the day on which Germany had declared her intention of withdrawing from the League—an intention which had been notified to the Secretary-General on the 21st October, 1933.<sup>5</sup> The reaction in the Soviet Union to the successive erup-

<sup>1</sup> The one comparable event was the previous recognition of the Soviet Government by the United States Government on the 17th November, 1933 (see the *Survey for 1933*, Part IV, section vi).

<sup>2</sup> In A.D. 1934 about 15·98 per cent. of the World's land-surface and 8·12 per cent. of its population were to be found within the Soviet Union's frontiers (League of Nations: *Statistical Year Book 1933/34*). The percentage of land-surface might be as much as 16 per cent. or more if account were taken of all the Arctic islands under the Soviet flag.

<sup>3</sup> The Bolshevik or Majoritarian wing of the former Russian Social-Democratic Party had been metamorphosed into the Russian Communist Party on the 6th–8th March, 1918, and this into the Communist Party of the Soviet Union in May 1924.

<sup>4</sup> See the *Survey for 1931*, Part IV, section (iii) (b).

<sup>5</sup> See the *Survey for 1933*, pp. 306, 311 *seqq.*

tions of a militant nationalism in the body politic of each of the two Great Powers that flanked the Union's far-flung territory has been described already in the preceding volume.<sup>1</sup> In order, however, to understand the full implications of the historic transaction of the 18th September, 1934, it is necessary to go back behind the events which gave the final impulsion, and to examine the deeper causes of a movement which had taken some ten years to reach this culmination.

When, some seventeen years before, the revolutionary Lenin and his companions had made themselves masters of the wreckage of the former Russian Empire, their policy had been governed by two fundamental beliefs: one inherited from their predecessor and oracle Karl Marx, and the other thrust upon them by the international situation of the moment. The traditional belief was that the Socialist revolution, which was, *ex hypothesi*, ultimately inevitable, would only achieve its destined triumph if and when it occurred on a world-wide range—or, at any rate, swept simultaneously, in a continuous wave, over all the principal industrial countries of the day.<sup>2</sup> The belief suggested by the momentary situation in 1917 was that this world-wide revolution was imminent, thanks to the deadly wounds which the Capitalist countries had been inflicting upon the whole Capitalist body social through their internecine war with one another.

It will be seen that the attitude of Lenin's Companions towards the World-Revolution was not unlike that of the first generation of Christians towards the Last Judgement; and whether there be an historical connexion or not between the outlooks of two bands of men who were separated by nineteen centuries of Time and by a vastly wider gulf of spiritual distance,<sup>3</sup> it is at any rate certain that, as far as

<sup>1</sup> The *Survey for 1933*, pp. 174–83, 458, and 530–44.

<sup>2</sup> 'An economic *coup d'état* in any country of the European Continent or even in the whole of the European Continent without England is merely a tempest in a teacup'—dictum pronounced by Karl Marx on the 31st December, 1848 (quoted by M. T. Florinsky, *World Revolution and the U.S.S.R.* (London, 1933, Macmillan), pp. 161–2).

<sup>3</sup> In favour of the view that the resemblance between the respective attitudes of the Early Marxians and the Early Christians was the effect of an historical connexion, rather than the effect of Chance or of the uniformity of human nature, it may be observed that the Marxian creed originally took shape in a society whose *Weltanschauung* was not only of Christian origin but had remained predominantly Christian from the Dark Ages until the eighteenth century of the Christian Era. The fundamental tenet of Socialism—'From each according to his abilities, to each according to his needs'—was a genuine and important element of original Christian doctrine (for the practice, as well as preaching, of which, we have the unimpeachable testimony of Julian the Apostate); and although this moral axiom might, of course, have been rediscovered by an independent act of intuition, it cannot seriously be accounted



the parallel extended, the psychological effect was the same. Like the first generation of Christians, the Companions of Lenin felt that it would be inept, and indeed frivolous, to spend their energies upon erecting a temporary shelter for the Church of the Elect within the framework of a world order that was doomed to destruction within the next few months or years. What should this tiny vanguard of the elect be doing on the patch of ground that had come into their hands in anticipation of the supreme event—the universal change—that was to bring the whole World, and all Mankind, within the ambit of the New Kingdom? Surely they ought not to waste their time, and abuse their privilege of being in the forefront of the movement, by piling up on this cramped and limited site a structure which could neither be representative of the dawning aeon nor capable of surviving the collapse of the surrounding City of Destruction. Surely, rather, their allotted task, at this end of an age, was devoutly to await the advent of an overwhelming transformation to which they were bound to look forward as an inevitable, as well as an imminent, event, whether they had learnt to expect it, like the Early Christians, from an act of God, or, like the Early Marxians, from an ineluctable process of Historical Determinism.<sup>1</sup>

Indeed the Early Marxian, according to his own lights, had even less excuse than the Early Christian for giving any hostages to the Fortune of an expiring age. For while the Christians, like the strictly Orthodox Jews, felt themselves bound to leave it to God to perform his own dynamic work, the Marxians, like the Jewish Zealots of the first century of the Christian Era or the Primitive Muslim Jāhids, for on this hypothesis when it occurs in a creed that sprang from the soil of Christendom and not from that of China or India. We may confidently trace back to the New Testament this cardinal doctrine of Karl Marx, as well as his apocalyptic scheme of world-history, which unmistakably belongs to a tradition known to have been derived by Christianity and Judaism from Zoroastrianism. On this showing, we may diagnose this Marxian Socialism as a genuine abstract of Christianity—but an abstract that was so fragmentary and jejune that it had become a ludicrous travesty of its great original. Marx had taken a single tenet from Christianity, applied it exclusively to the material plane of life (ignoring or denying the spiritual plane), and followed Muhammad in reintroducing the vein of revolutionary violence—the Islamic ‘battling on the war-path of God’—which may have been implicit in the earlier apocalyptic tradition, and which came to a fatal harvest in the Jewish Zealotism of the first century of the Christian Era, but which had left only very slight vestiges of itself in the text of the New Testament or in the *êthos* of the Primitive Christian Church.

<sup>1</sup> This Marxian divinity, ‘Historical Determinism’, was of the same species as those primitive preanthropomorphic divinities of the old Roman religion—Fortuna, Sors, Robigo, Febris, and the rest—which appear to have been the sole content of the native Italic religious imagination before Ancient Italy came under the successive influences of Hellenism and Christianity.

were less logical in feeling themselves bound, just as stringently, to take the sword in order to help with their own hands in the attainment of an end which they regarded as inevitable by a Power which they believed to be omnipotent.

Yet the first chapter in the history of Marxism, like the first chapter in the history of Christianity, saw the eclipse of the apocalyptic vision, and with it the disappearance of the corresponding state of mind; and in both cases the consequence was a change of emphasis. While the dogma of a coming millennium was jealously guarded in the theological treasure-house of the Faith, the energies of the Church were diverted almost completely from preparations for an imminent advent of the great oecumenical change to the daily round and common task of 'serving tables' in the temporary dwelling-place which the Church had found for herself in an unregenerate World. This transformation of the Marxian Church in Russia has been described as follows, at the end of a close study, by an acute and objective-minded observer:

If we attempt to take a bird's-eye view of the entire course of Soviet foreign relations from 1917 to the beginning of 1933, and also of the leading ideas which underlie it, we are confronted with a curious situation. We see the gradual, painful, but unmistakable transformation of a group of professional revolutionaries who, by an extraordinary concurrence of economic, social, and political factors, found themselves at the head of a vast empire. They began by being the knights-errant of world revolution and they have become the artisans of the vast, if somewhat prosaic, tasks of constructing from the raw material of a desperately poor and backward nation the great industrialized socialist commonwealth of the future. The turning-point in this process of transformation is the adoption of Stalin's doctrine of 'socialism in a single country'. These builders of factories and plants, these matter-of-fact leaders in the colossal project of large-scale collective farms, these Communist tribunes who have banned religion as a vulgar superstition, owe allegiance to the revolutionary doctrines of Marx, Engels, and Lenin. Their doctrines have been revised and readjusted in order to meet the requirements of a new order of things, but there is still a wide and, it would appear, an unbridgeable gap between the practical politics of the U.S.S.R. and the teachings of Communism.<sup>1</sup>

In 1917 the Russian Communists who had swooped down upon the vacant site of the vanished Russian Empire regarded their prize with contempt, as a rubbish-heap which was of no value in itself. They set store by their capture of it simply because of the amount of inflammable matter that it contained; for they reckoned that, when once they had set this Russian wreckage alight with the flame of their revolutionary torches, the conflagration would immediately

<sup>1</sup> Florinsky, *op. cit.*, pp. 248-51.

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<sup>1</sup> Florinsky, *op. cit.*, pp. 248-51.

spread over the World, and would devour the factories and palaces and temples of Europe and Asia and perhaps even America in the same sheet of flame that would be consuming the refuse deposited in Russia by the Czardom. When the world-engulfing flames had flickered out, then the time would come for laying the foundations of the new oecumenical Communist social structure; and there was no reason, either in logic or in sentiment, why the first foundation-stone should be laid on the particular spot where the rouge dragon and pursuivants of Historical Necessity had accidentally found their opportunity of committing the preliminary act of ritual incendiarism. Indeed Lenin and his Companions had no particular love or respect for their native Russia. On *a priori* theoretical grounds, of Christian or perhaps ultimately Stoic origin, they were convinced cosmopolites; and this initial outlook had been reinforced by their personal experience; for the fortune of their war against the Czardom had made them almost lifelong exiles;<sup>1</sup> and most of them had spent the greater part of their exile in the cities of Western Europe. With a counter-Slavophil snobbery they opened their eyes wide to the technological and cultural backwardness of Russia, and gloried in proclaiming it. And so, after their revolutionary conquest of Russia in 1917, they made a point—just because they were Russians who had achieved honour in their own country—of announcing, with ostentation, that, as soon as the World-Revolution spread from Russia to one of the advanced countries of the West, the head-quarters of the Communist International and the capital of the Union of Soviet Socialist Republics would be transferred, as a matter of course, from Moscow to Berlin or whatever the capital of the successfully converted Western country might be.

In anticipation of this next stage in the World-Revolution, the provisional camping-ground which the Marxian Church Militant had acquired on the site of the former Russian Empire was laid out on a system which would be capable of extension, without any essential change of ground-plan, from this limited area to a world-wide range.<sup>2</sup> Owing to the feats of Muscovite Imperialism during the previous four centuries, the domain of which the Bolsheviks now stood possessed presented a fair epitome of the world of the day—in spite of having shed the fringe of Western Christian subject territories which

<sup>1</sup> Lenin went to live in exile, outside the frontiers of Russia, for the first time in 1900; and he spent no less than fifteen years abroad out of the seventeen years that passed between that date and his final return in 1917. In this respect, Lenin was typical of the Russian revolutionary socialists of his generation.

<sup>2</sup> See the *Survey for 1924*, Part I C, sections (i) and (ii) (a).

the Czardom had acquired by conquest since the reign of Czar Peter the Great. Even after the loss of this Western zone, the Bolsheviks' heritage from the Czardom still comprised a rich variety of social types: Russians and non-Russians; sedentary populations and nomads; urban industrial workers and peasants; semi-Westernized cosmopolitans and primitive tribesmen. The Bolsheviks were as ruthless as the Czars had been in seeking, by methods of barbarism, to impose upon this large and varied sample of contemporary Mankind a rigid uniformity which was of the tyrants' and not their victims' choosing. The aspect of life selected for this Procrustean treatment was, however, a different one. The Czars had pursued, on the whole, a policy of tolerance, or at any rate of *laissez-faire*, in dealing with their subjects' social customs and economic institutions. The uniformity which they had been concerned to impose was a national uniformity, and their tyranny had taken the form of a forcible 'Russianization'. 'Communization', instead of 'Russianization', was the form of tyranny which the Bolsheviks had at heart; and they were, if possible, more atrocious than their Imperial predecessors in their pursuit of it; but by the same token they were indifferent in the matter of nationality; and, whereas the Czars had been socially and economically tolerant instinctively or unwittingly, the Bolsheviks were nationally tolerant deliberately<sup>1</sup>—and this for two reasons.

In the first place, they were anxious not to provoke defensive nationalist movements among their subjects which might traverse, like red herrings, the trail of their own Communist propaganda. In the second place, they reckoned that their calculated generosity towards national idiosyncrasies might not only reconcile to the Communist régime the formerly oppressed nationalities who had passed under their dominion from that of the Czardom, but might also perhaps attract into the Communist fold the brethren of these Soviet citizens whose nationality was still being persecuted in neighbouring countries. Accordingly the Bolsheviks proceeded to re-map their

<sup>1</sup> For a detailed inquiry into the Bolshevik attitude towards the nationality problem, see H. Kohn: *Der Nationalismus in der Sowjetunion* (Frankfurt-am-Main, 1932, Societäts-Verlag). Stalin himself was a non-Russian from the Caucasus, and he was one of the pioneers in putting the policy of tolerance into effect after the Bolsheviks had made themselves masters of the heritage of the Czardom. One of Stalin's early experiments was a 'Soviet of Nationalities' in which the whole proletarian population of the Union was represented according to nationalities instead of being represented according to administrative districts, while all nationalities, from the Great Russians and Ukrainians to the Buriats and Ossetes, had equal representation—like the states of the American Union, from New York State and Texas to Nevada and Rhode Island, in the Senate at Washington (see Beatrice and Sidney Webb: *Soviet Communism, a New Civilisation?* (in the press)).

domain into an elaborate hierarchy of federated republics—with subordinate republics inside each of them, and autonomous districts inside those—which did justice, and often more than justice, to the legitimate national claims of the smaller and more backward nationalities in the matter of administrative and cultural self-expression. Although the Great Russian nation was proportionately still more preponderant in numbers in the Soviet Union than it had been in the wider Russian Empire, the Russian Soviet Federal Socialist Republic was only given one place—at first out of four and eventually out of seven—among the direct constituents of the Union; the Russian national name was scrupulously excluded from the title of the Union itself; in the drawing of the internal boundaries between the different autonomous territories the non-Russian nationalities were usually given the benefit, as against the Russians, wherever it proved impossible on practical grounds to make the administrative boundaries coincide precisely with the actual lines of division between the peoples; and two of the direct members of the Union—namely the Ukrainian and the White Russian Soviet Socialist Republics—were alluringly displayed under the eyes of the oppressed Ukrainian and White Russian subjects of Poland.<sup>1</sup> In fact, the non-Russian ex-subjects of the Czardom, who had been looked upon by the Czars as raw material for Russianization, were seized upon by the Bolsheviks as a bait for expanding the original Soviet Union into a World-State, on a non-Russian basis, which was to enlarge its borders *pari passu* with the progress of the World-Revolution.<sup>2</sup>

It will be seen that the structure of the Soviet Union conformed to the demands of the apocalyptic vision which was constantly before the eyes of Lenin and his Companions in 1917. But at the same time the solid construction of the Union, even on this potentially oecumenical plan, is material evidence that the realization of the founders' world-revolutionary expectations was being delayed. For so elaborate and ingenious a structure could not have been, and in fact was not, built in a day; and, in the building of it, the Bolsheviks were already changing the character of their own activity. Instead of putting the match to a rubbish-heap which was to burn a whole world to cinders, they were cultivating a garden in which every ticket-holder

<sup>1</sup> On this point, see the *Survey for 1924*, pp. 177-9. For the consequent embarrassment of Poland at the prospect of the Soviet Union's admission to membership of the League, and for the step which the Polish Government took in order to disembarass themselves, see pp. 395-8, below.

<sup>2</sup> 'The international proletariat will not lay down its sword until Soviet Russia has become a link in the federation of the Soviet Republics of the World'—manifesto issued by the Second Congress of the Third International.

who presented himself in the conventional Communist wedding-garment was to sit in comfort under a collective vine and fig-tree. But this was no longer Alexander setting fire, in a Lyaeian rage, to Persepolis; it was Candide settling down after having sown his wild oats.

The truth was that, from the moment when they came into possession of the Czardom's heritage, the Bolsheviks had to pit their own 'ideology' against the hard facts of 'Historical Necessity' in the world around them, in which they had deliberately acquired a material stake; and the Goddess of their academic cult now maliciously displayed to them the wayward countenance of the Fortune to whom they had given hostages. 'Historical Necessity' lost no time in giving her too patronizing votaries a humbling intimation that she did not propose to run on the rails which Marx, her self-appointed hierophant, had so officiously laid down in front of her formidable driving-wheels. She duly appeared as a creature of 'the Machine Age'; but her epiphany was not in the likeness of a tram. She preferred to go her way in the fashion of an erratically driven motor-omnibus<sup>1</sup>—as though to prove that, even in these mechanical days, 'the Spirit bloweth where it listeth'.

By the time of Lenin's death on the 21st January, 1924, little more than six years after he had taken his place in the seat of the Czardom, both of the assumptions with which he and his Companions had started in 1917 had been falsified by the march of events. In the first place, the General War of 1914-18 had not availed to bring about the downfall of the Capitalist régime all over the World. There was still, no doubt, a possibility that this great calamity might prove to have given the Capitalist régime a shock from which it would die in the long run; it was also possible, and perhaps more likely, that the particular calamity was one of a series, not yet at an end, which pointed to some spiritual malady, deeper seated than Capitalism, in the souls of which the Western body social was the institutional tenement; yet it was nevertheless evident, by 1924, that in the Western World the Capitalist régime had obtained a reprieve, however short the respite might turn out to be. The second point in which the Marxian 'ideology' had been falsified was illustrated by the fact that in 1924 the Soviet Union was manifestly still a going concern—which it had no business to be according to the orthodox Marxian doctrine. By rights, the smoking flax ought to have been quenched as soon as it had failed to set the World ablaze; yet here,

<sup>1</sup> In fact, the experience of the Bolsheviks was just the opposite of that of the young man in Father Ronald Knox's rhyme.



in a World unrevolutionized, was the Russian revolutionary tinder still smouldering on cheerfully. Having first been cheated, by the treachery of 'Historical Necessity', of enjoying the world-wide revolution which had appeared to be within their grasp in 1917, the Bolsheviks had taken a double-edged revenge upon their Goddess by cheating her in their turn. They had victoriously defended their locally successful Communist revolution in Russia against the counter-attacks of a world of Capitalist enemies who had bestirred themselves to stamp the fire out in the place where it had started; and in thus saving their own handiwork the Bolsheviks had disproved their own Marxian doctrine; for, according to Marx, the Capitalist counter-revolutionaries ought now to have succeeded, in their turn, in temporarily extinguishing the local Communist revolution in Russia, when once this Russian fire had failed to engulf the rest of the World.

It is not to be supposed that these vagaries of 'Historical Necessity' disconcerted Lenin himself; for that extraordinary genius was a rare, or perhaps unique, combination of an abandoned doctrinaire and a consummate man of action. Lenin had an unerring and unfailing intuition of the next practical step to be taken in any given situation; and his Hegelian dialectic would probably have led him to a constructive resolution of the thesis and antithesis in the controversy between Trotsky and Stalin which broke out upon the Master's death. If Lenin had deigned to listen to this disputation on the respective merits of Trotsky's 'Permanent Revolution' and Stalin's 'Socialism in a Single Country',<sup>1</sup> he would probably have snubbed both disputants—had they ventured to argue in his presence—by pointing out to Trotsky that a protracted world-revolution could not be carried on except from some well-secured base of operations, and reminding Stalin of his own admission that the existence of a Communist state—even on so large a scale as the Soviet Union—would always remain precarious so long as the rest of the world remained unconverted.<sup>2</sup> He might have added that in the long run the danger would be

<sup>1</sup> Stalin's conversion to this doctrine can be dated with certainty, on the evidence of Stalin's own published writings, to some moment between the April and the December of the year 1924 (see Florinsky, *op. cit.*, pp. 155-6).

<sup>2</sup> This admission would appear to be implied in the series of three questions through which Stalin approached the problem: Is a victory for Socialism in Russia possible? If it is possible, could such a victory be called a complete victory? And, if such a victory could not be called final, what conditions would be required in order to make it final? Presumably Stalin would have admitted that the position of a Communist state in a Capitalist environment was precarious, and that it could be made safe only through a 'final victory' in the shape of a Socialist revolution in the rest of the World (see Florinsky, *op. cit.*, pp. 131-2 *seqq.*, especially pp. 145-6).

greater if the Capitalist Powers had the prudence to refrain from further essays in military intervention; since intervention was unlikely to succeed in overthrowing the Soviet régime and at the same time certain to foster Communist zeal among the Union's citizens, whereas the spiritual poison of the Capitalist 'ideology' would have more chance of re-insinuating itself into the veins of the recently purged Russian body politic under conditions that would favour 'peaceful penetration'. Since the facts of the hour were on Stalin's side, it is perhaps likely that Lenin, under pressure, would have declared himself, at any rate for the time being, in Stalin's favour. We may infer this from Lenin's own acts in similar situations—his insistence in 1918 upon the conclusion of the Peace of Brest Litovsk, and his initiation, in 1921, of 'the New Economic Policy'.

The struggle between the two principal competitors for the dead prophet's mantle turned ostensibly upon the question which of them could show that he had the Master's authority behind his own policy. Their voluminous war of words was inconclusive, because the weapons with which it was fought were not Lenin's acts, which bore the imprint of a great man of action's singleness of aim and sureness of touch, but Lenin's writings, which were ephemeral and *ad hoc* and by no means self-consistent.<sup>1</sup> The outcome of the contest, which resulted in Stalin's victory and Trotsky's defeat, was, no doubt, mainly decided by the steady march of events both inside Russia and abroad. Here, again, the dates speak for themselves; for the struggle lasted from Lenin's death on the 21st January, 1924, until Trotsky's expulsion from the territories of the Soviet Union on the 11th February, 1929; and this span of five years saw the fate of the World-Revolution at least temporarily sealed and the survival of the Soviet Union at least temporarily secured. On the one hand, Germany—and, with her, Europe as a whole—was snatched out of the jaws of Communism by the French acceptance of the Dawes Plan on the 25th April, 1924,<sup>2</sup> the conclusion of the Locarno Pacts on the 16th October, 1925,<sup>3</sup> the

<sup>1</sup> For this theological warfare of texts and counter-texts, see the *Survey for 1927*, pp. 255–6, and Florinsky, *op. cit.*, chap. 4. The *Corpus Lenineum* was a collection of the same origin and character as the surahs of the Medina period in the Qur'ân. Both collections were afterwards treated by the Master's disciples as uniquely inspired sources for the elaboration of a systematic and comprehensive code of behaviour for the Master's followers. It is difficult to conceive of a greater mental *tour de force* than the attempt to construct such a code out of such unpromising materials. To the outsider it is manifest that, in dictating these surahs and these articles, the Prophets Muhammad and Lenin were wrapped up in the business of the moment and had no notion of providing finished blocks for the building of a permanent temple.

<sup>2</sup> See the *Survey for 1924*, Part II A, section (v), p. 359.

<sup>3</sup> See the *Survey for 1925*, vol. ii, Part I A, section (iii), p. 53.

entry of Germany into the League of Nations on the 10th September, 1926,<sup>1</sup> and the economic boom which Europe enjoyed from 1925 to 1929. In the Far East, again, where China was the key country for the Communist strategy, and where the Third International still hoped to kindle its world-conflagration after being disappointed of its German expectations in 1923, the old order was reprieved through the quarrel between the Third International and the Kuomintang in 1927.<sup>2</sup> On the other hand, the survival of the Soviet Union—which had been ensured *de facto* when General Wrangel evacuated the Crimea on the 15th November, 1920,<sup>3</sup> and the Japanese evacuated the Maritime Province of Siberia on the 25th October, 1922<sup>4</sup>—was accepted *de jure* by a sufficient quorum of the Capitalist states of the World in the course of the year 1924, when the Soviet Union was recognized successively by Italy, the United Kingdom, Norway, Austria, Greece, Sweden, China, Denmark, Mexico, the Hijāz, and France.<sup>5</sup> Thereafter the rulers of the Soviet Union found themselves at liberty to make the most of their Communist dispensation within the frontiers now recognized as lawfully theirs by the rulers of the Gentiles; and the year 1926 saw the launching of the Five Years' Plan.

The years 1924–9 were thus a time of transition between a situation in which the Bolsheviks had been principally concerned to accomplish the World-Revolution, with the Third International as their flaming sword and the Soviet Union as a humble grindstone for sharpening that sword's cutting edge,<sup>6</sup> and a later situation in which the Soviet Union had been consecrated as a kind of Communist terrestrial paradise, while the Third International 'had . . . largely degenerated . . . from the militant and uncompromising general staff of the World-Revolution into an international organization for the defence of the U.S.S.R'.<sup>7</sup> The conflict through which this subsequent situation was substituted for the antecedent situation in the course of the transitional period was apparent, during those years, in two fields: in the violent strife of parties and personalities within the bosom of the Bolshevik fraternity and in the correspondingly violent clash

<sup>1</sup> See the *Survey for 1926*, Part I A, section (i).

<sup>2</sup> See the *Survey for 1927*, Part III, section (ii).

<sup>3</sup> See *The History of the Peace Conference of Paris*, vol. vi, pp. 318, 320.

<sup>4</sup> See the *Survey for 1920–3*, Part VI, section (ii), p. 444.

<sup>5</sup> See the *Survey for 1924*, Part I C, sections (iii)–(vi).

<sup>6</sup> The Statute of the Third International declares that 'the Communist International has for its purpose the struggle by all available means, including armed force, for the overthrow of the international bourgeoisie and the creation of an international Soviet Republic as a transition stage to the complete abolition of the state'.

<sup>7</sup> Florinsky, *op. cit.*, p. 208.

between the propaganda of the Third International and the foreign policy of the Soviet Government, *vis-à-vis* the Capitalist World. In previous volumes of this series the history of the internal conflict has been carried down to the turn of the years 1927-8,<sup>1</sup> and the history of the clash between the Union Communist Party's two instruments—the Third International and the U.S.S.R.—down to the close of the year 1924 in Europe<sup>2</sup> and the close of the year 1927 in the Far East.<sup>3</sup> Both these stories have to be carried to their conclusion as a preface to the history of the *entente* between the Soviet Union and France and the concomitant entry of the Soviet Union into the League of Nations. The internal struggle went through what had the appearance of being its last convulsion in the year 1934; the clash between the two Bolshevik institutions entertained the World with its last sensational display in the year 1933.

In the report on the activities of the Central Committee of the Union Communist Party which he presented at the Seventeenth Party Congress, on the 26th January, 1934, Stalin described the internal situation in the Party, as it stood at the time, in the following terms:

The present congress is meeting under the banner of the complete victory of Leninism<sup>4</sup>—under the banner of the liquidation of the last traces of the anti-Leninist group.

The Trotskyite anti-Leninist group has been beaten and broken up. To-day its organizers are on the other side of the frontiers bowing and scraping in the ante-chambers of the bourgeois parties.

The Right-Wing anti-Leninist group has been beaten and broken up. Its organizers have long ago repudiated their former tenets and are now seeking, by every means in their power, to cleanse themselves of their sins to the satisfaction of the Party.

The groups that had gone off the rails into Nationalism have been beaten and broken up. Some of their organizers have openly joined the ranks of the interventionist *émigrés*, and the rest have made an *amende honorable*.

The majority of the supporters of these counter-revolutionary groups have been forced to recognize the justice of the orthodox Party line and to capitulate to the Party's authority. . . .

The policy of industrializing the country has triumphed. To-day the results of it are manifest to every eye. In face of this accomplished fact, what criticism can avail?

The policy of liquidating the kulaks and of totalitarian collectivization has triumphed. Here, too, the results are manifest to every eye, and the accomplished fact puts the critics to silence.

<sup>1</sup> *Survey for 1927*, pp. 251-6.

<sup>2</sup> In the *Survey for 1924*, Part I C.

<sup>3</sup> In the *Survey for 1927*, Part III, section (ii).

<sup>4</sup> i.e. of Stalinism, according to the convention by which every good Bolshevik had to find authority for his own beliefs and conduct in the words and deeds of the Master.—A. J. T.

The experience of our country demonstrates that the victory of Socialism in one single country, taken by itself, is entirely within the realm of possibilities. The fact is there. What is left for the critics to say?

It is manifest that all these successes—and, above all, the victory of the Five Years' Plan—have definitely demoralized and pulverized all the anti-Leninist groups of every kind.<sup>1</sup>

With characteristic caution, Stalin proceeded to qualify this *Te Deum* in praise of the wonderful works of Historical Necessity by observing to his audience that

While the enemies of the Party—the opportunists of every colour—have been beaten, there are traces of their ideology still to be found in certain members of the Party; these ideas are not only still alive but are perpetually manifesting themselves; . . . and it is obvious that these survivals necessarily afford a favourable field for the revival of the ideology of the beaten anti-Leninist groups in the minds of certain members of our Party.

Both this warning and the song of triumph to which it was appended were justified by the course of events before the end of the calendar year, when the last round in the internal struggle within the bosom of the Union Communist Party was opened by the assassination of Monsieur S. M. Kirov at Leningrad on the 1st December, 1934.

The victim of this crime was a serving member of the Political Bureau of the Union Communist Party and at the same time Secretary of the Committee of the Party's Leningrad Branch. As his tenure of these offices implied, he was in the inner circle of the ruling clique; and genuine feelings of grief and indignation at the murder of a trusted and valued colleague no doubt conspired with colder calculations in Stalin's mind to make him seize this opportunity for stamping out those last vestiges—whose lingering presence he had already denounced—of active opposition, within the borders of the U.S.S.R., to the orthodox Leninist—or Stalinist—régime.

Upon the receipt of the news at Moscow, Stalin himself—accompanied by Molotov, Voroshilov and other henchmen—proceeded to Leningrad at once in order to superintend the punitive measures personally. The Stalinist martyr's ashes were given a magnificent state funeral on the 6th December, 1934; and, in the interval between his death and his apotheosis, his *manes* were placated by the summary condemnation to death, and immediate execution, of sixty-six persons accused of 'counter-revolutionary activities',<sup>2</sup> while the actual execu-

<sup>1</sup> The above translation is taken from a French text of the speech (Paris, 1934, Bureau d'Éditions: 2<sup>e</sup> édition, revue et corrigée).

<sup>2</sup> Thirty-nine persons were arrested in Leningrad and 32 in Moscow on the 2nd December. On the 4th December the Central Executive Committee of

tant of the crime, who was a young member of the Union Communist Party named Nikolaev, was reserved for a more searching trial. The next step was the arrest of twelve persons at Minsk on the 7th December, 1934, and thirty-seven at Kiev on the 10th; and since these two cities were the respective capitals of the White Russian and Ukrainian constituent states of the Soviet Union, it looked, for the moment, as though the Soviet Government had decided to attribute the crime to 'the groups that had gone off the rails into Nationalism' (to follow Stalin's own terminology). This seemed to be confirmed by the pronouncement of three death-sentences, and forty sentences of imprisonment, upon prisoners already on trial for industrial sabotage in Georgia; and, thereafter, nine of the twelve prisoners at Minsk were sentenced and executed on the 10th December, and twenty-eight out of the thirty-seven prisoners at Kiev on the 15th December.

Together with four persons who were sentenced and executed for the murder of two Communist girls at Tashla, in the Central Volga district, this brought the number of persons put to death within a fortnight of the murder of Monsieur Kirov up to the figure of 107; and these first targets of the Soviet Government's retribution were stigmatized as 'White rabble' by Monsieur Karl Radek in the *Izvestiya*.<sup>1</sup> On the 15th December, however, it was proclaimed simultaneously at Moscow and at Leningrad, in resolutions passed on that day by plenary conferences of the respective local Communist Party branch committees, that Monsieur Kirov was the victim of enemies within the Party household: 'the mean dregs of the former Zinoviev anti-Party group'. Nikolaev and thirteen other members of the Union Communist Party were sent for trial, on the charge of being Kirov's assassins, on the 21st December; they were charged, in addition, with having plotted to assassinate other leading personalities of Monsieur Stalin's régime with the object of disorganizing the régime by terrorism, and with having established for this purpose an illegal underground terrorist organization in Leningrad. This version of the crime was now expounded in the *Izvestiya*<sup>2</sup> by Monsieur Radek—apparently without any attempt to reconcile it with his previous account. On the 23rd December it was announced that Zinoviev, Kamenev, and five other 'Old Guard' party members had

the Soviet Union issued a decree forbidding tribunals to admit counsel for the defence at the trials of persons accused of connexion with terrorist organizations operating against Soviet officials, and forbidding either appeals or pardons in such cases if the verdict were a verdict of 'guilty'. By the 5th December 37 of the 39 Leningrad prisoners and 29 of the 32 Moscow prisoners had been both sentenced and put to death.

<sup>1</sup> 12th December, 1934.

<sup>2</sup> 21st December, 1934.

been arrested and banished to remote parts of the Soviet dominions. Immunity from capital punishment was one of the privileges of Lenin's contemporaries and companions according to an unwritten but sacrosanct Party convention. This privilege of 'the Old Guard' was not shared, however, by 'the Young Ruffians', as Nikolaev and his thirteen fellow prisoners were styled. These latter were now branded as 'counter-revolutionaries' and 'neo-Fascists'; and they were accused of having been in relations with a foreign consul (whose nationality was not disclosed); but no attempt appears to have been made to implicate them with the 107 persons who had already been put to death in the course of the month. The corrupters of the fourteen 'Young Ruffians' were declared to have been Zinoviev and his fellow deportees; and the fourteen themselves were found to have been Party members who had all been excluded, at one time or another, from the Party for the offence of having pursued opposition tactics, but had most of them been subsequently re-admitted and had then succeeded in passing the Party purge and forming their counter-revolutionary cell without coming under suspicion until after they had accomplished the first of their projected acts of terrorism. All fourteen were sentenced and shot on the 29th December, 1934; and by this single stroke the Soviet Union was made safe for Stalinism and the world outside its borders for Capitalism. The 'die-hards' of the lost cause of 'Permanent Revolution' in the ranks of the Union Communist Party had been crushed by the Party's own hand, just as, some six months earlier, in 'the Third German Reich', the 'die-hards' of militant National Socialism had been crushed by the hand of their Führer.

The chairman of the tribunal in Moscow which passed the death-sentences of December 1934 was the same Monsieur Ullrich who had presided over the trial of six British subjects in Moscow in the previous year; and this other *cause célèbre* had been the last sensational instance of that clash between the Soviet Government and the Third International of which the 'Zinoviev Letter' sensation<sup>1</sup> had been the classic example.

The six British employees of a British engineering firm, the Metropolitan Vickers Company, who were arrested on the 11th-12th March and tried on the 12th-19th April, 1933, were charged with espionage, bribery and sabotage in connexion with their work in executing a contract which had been made with their firm by the Soviet Government; and the ensuing trial made it evident that the old conflict of purposes within the bosom of the Union Communist Party was

<sup>1</sup> See the *Survey for 1924*, Part I C, section (iv), pp. 247-51.

still unresolved; for the trial was conducted on the assumption that the prisoners were combatants in a truceless warfare between the Capitalist and the Communist World, while at that very time the Soviet Government were making strenuous efforts to make friends of the mammon of Capitalist unrighteousness,<sup>1</sup> with an eye to securing allies in a war of defence against the wrath to come from an aggressive Germany and an aggressive Japan. Superficially it looked as though the ideology which had dominated the Union Communist Party in 1924 was still in the ascendant nine years later, in 1933. This superficial aspect of the situation turned out, however, to be delusive.

In the light of the precedents, the apparently unfounded allegation that certain Capitalist residents in Soviet territory had been taking the offensive against the Communist régime, would be most naturally interpreted as evidence that the Third International was contemplating a fresh offensive of its own against the Capitalist World and was accordingly setting out, in advance, to provide itself with the necessary justification and to rouse the necessary temper of fanatical indignation among its supporters—as usual, without regard to the exigencies of the foreign policy of the Soviet Government. It is certain that, in the victimization of the British engineers, these latter exigencies were once more flagrantly ignored; but in this case the explanation is probably to be sought, not in a clash of the familiar kind between the Soviet Government and the Third International, but rather in an inter-departmental *mésintelligence* (of a kind not unknown in Whitehall) within the actual framework of the Soviet Government. The power that was putting its spoke into the wheel of the Commissariat for Foreign Affairs on this occasion was probably some sister department of state whose need to find scapegoats to bear the blame for miscarriages in the Five Years' Plan was even more urgent than Monsieur Litvinov's need to find Capitalist allies against Germany and Japan. This hypothesis is borne out by the Laodicean leniency (according to Bolshevik standards) with which these British prisoners were treated; and so far as the Soviet Government showed any obduracy in the face of the British Government's protests, this stiffness was sufficiently explained by the sensitiveness of a sovereign state in regard to its sovereignty, without its being necessary to suppose that the Soviet Government were once again subordinating their own interests to those of the Third International's Holy War against the Capitalist World.

<sup>1</sup> The Franco-Russian Pact of Non-Aggression had been signed in Paris on the 29th November, 1932, and was approved by a unanimous vote of the French Chamber on the 18th May, 1933 (see pp. 381-5, below).



The truth was that this diplomatic battle, which was conducted on both sides with such a show of zeal and energy, was one of those stage duels in which the actors do their best to provide their audience with the realistic spectacle that it expects of them, while they are privately in collusion to play for 'safety first'. The British Government had no more intention of sacrificing their trade with the Soviet Union than the Soviet Government had of pushing the British Government into the arms of Germany and Japan. In this trial on an indictment for an offence which was punishable by death, the Soviet Government just saved their face by condemning one prisoner to three years' and another to two years' imprisonment, as against one acquittal and three pardons disguised as sentences of deportation. Thereupon the British Government saved their face with equal economy by imposing a partial embargo on imports into the United Kingdom from the Soviet Union. These complementary histrionic gestures opened the way for a diplomatic settlement; and on the 1st July, 1933, by arrangement between Sir John Simon and Monsieur Litvinov, the Presidium of the Executive Committee of the U.S.S.R. in Moscow commuted the two sentences of imprisonment to sentences of immediate deportation, while the King in Council in London published a proclamation revoking the embargo which had been declared against Russian goods on the 19th April.

When this outcome of the trial of the six British engineers at Moscow in 1933 is brought into focus with the grimly different outcome of the trial of the fourteen Russian Communists at Leningrad in 1934, it becomes apparent that the two transactions have the same political significance, and the contrast between them makes their common meaning clear. They mean that the primitive force of *raison d'état* has won its victory over the newfangled notion of World-Revolution; or, in human terms, that those Companions of Lenin who have devoted themselves to the service of the Soviet Union, and have become fascinated by the field which the Union opens up for a local and immediate implementation of the Communist ideal here and now, have successfully revolted against those other Companions of the dead Prophet who have kept their eyes fixed all the time upon the World-Revolution and have never learnt to look upon the Union as anything but a vessel of destruction to be used—and, if need be, used up—for the attainment of a transcendental end.<sup>1</sup> Stalinism, as expressed in the passage, quoted above, from Stalin's own address to the Seventeenth Party Congress of the Union Communist Party,<sup>2</sup> has triumphantly prevailed over Trotsky's thesis that

<sup>1</sup> See the *Survey for 1924*, pp. 170 and 172.

<sup>2</sup> See pp. 365–6, above.

'a national revolution is not a self-contained unit' but 'just a link in the international chain';<sup>1</sup> that 'the sacrifice of World-Revolution to the requirements of establishing a national socialist state is not only a betrayal of the Communist cause but also a suicidal and insane policy, which refuses to see existing conditions—the economic and political inter-dependence of the World—and' so 'prepares its own inevitable downfall';<sup>2</sup> and that, on this showing, 'the economic reorganization of the country was . . . a matter of minor importance'.<sup>3</sup> In a previous volume of this series, dealing with the year 1924, we ventured,<sup>4</sup> on the strength of an analogy between the Russian Revolution and the French, to hazard the prediction that

the exploitation of the U.S.S.R. by the Third International might not continue for long, and that the Communist propaganda, when seen in historical retrospect, might seem significant, not as an international revolutionary movement, but rather as the strategy by which the U.S.S.R. obtained for itself that position in the World which had been lost by its predecessor the Russian Empire.

Now that we have arrived at the closing year of the next decade, we find that, in this year 1934, the foreshadowed reversal in the relations between the Soviet Union and the Third International has become an accomplished fact. This fact is proclaimed in the failure of the Third International to convene a congress after 1928. A new congress—which would have been the seventh—was eventually announced for the spring of 1934, but this was postponed—first to the autumn of the same year, and then to the spring of 1935—and it did not actually take place till the 25th July–21st August of that year.

The paramount mission of the Union Communist Party is now no longer the achievement of a World-Revolution but the maintenance of 'a new nationalism'.<sup>5</sup> This Stalinian nationalism has, it is true, a wider basis than the Great Russian linguistic and racial nationalism of the former Czardom in its last phase.<sup>6</sup> Based, as it is, upon no external or material criterion, but upon the common spiritual possession of the Stalino-Lenino-Marxian ideas and institutions and the common personal and social experience of the extraordinary events

<sup>1</sup> Trotsky's own words, as quoted in Florinsky, *op. cit.*, p. 24.

<sup>2</sup> Trotsky's doctrine as interpreted by Florinsky in *op. cit.*, p. 28.

<sup>3</sup> Florinsky, *op. cit.*, p. 129.

<sup>4</sup> *Survey for 1924*, p. 180.

<sup>5</sup> Florinsky, *op. cit.*, pp. 162–8.

<sup>6</sup> This divorce of statehood, in the Soviet Union, from race and nationality is regarded by Beatrice and Sidney Webb (*Soviet Communism, a New Civilization?* (in the press)) as one of the creative achievements of the Bolsheviks, and especially of Stalin.

of which the Soviet domain has been the theatre since 1917, the new Soviet national consciousness embraces, without any invidious distinctions, the whole medley of peoples that dwell within the Soviet frontiers; and we have seen above that this population, in its multitude and its variety, is a fair sample of contemporary Mankind. Yet, vast and variegated though it is, this Soviet Union national state is now a parochial affair, and has ceased to be the World-state in embryo that it was originally designed to be. As a national state, it has become one local specimen of a species of which there are some sixty or seventy other representatives on the political map of the day; and its kinship with these neighbours is not obscured by its possession of distinctive traits; for although some of these neighbours—a Turkey and a Rumania and a Finland or an Italy and a Germany and a France—may differ from the Soviet national state in having a linguistic or racial basis, a number of them have an ideal or institutional basis as well. ‘The Third Reich’ is not only German but National Socialist; Italy not only Italian but corporative; France not only French but a child of ‘the ideas of 1789’; and, in the nationalism—or nationalisms—of the British Commonwealth, parliamentary government and the liberty of the subject are more important ingredients than either the ‘Anglo-Saxon’ race or the English language. The Soviet Union of the year 1934 is a national state within the recognized meaning of the terms at the time; and not only so but, in its planned and regimented ‘totalitarianism’, it is far advanced along the formidable path upon which the feet of all the contemporary nations are set.<sup>1</sup> In fact, on the economic plane, Stalin’s ‘Socialism

<sup>1</sup> At first sight, the internal political and administrative map of the Soviet Union, with its federal structure and its far-reaching recognition of the distinct individuality of local national communities, might seem to be in direct contradiction with the fanatical and intolerant passion for centralization and standardization which was the key-note of contemporary ‘totalitarianism’ of the Fascist variety in Italy and Germany. Closer inspection shows, however, that the internal map of the Soviet Union, as it stood in 1934, was in some ways delusive. For example, the ‘autonomous’ republics and districts within the framework of the R.S.F.S.R. appear to have been only titularly autonomous, while in practice they were administered in just the same fashion as the ordinary provinces of the state in which they were embraced. Then, again, the Union Government had its own representatives on the local Governments of the several constituent states. Finally, the administration of all the socialized services was taken over by the Union Government instead of being assigned to the constituent Governments; and this was a potent unifying factor, since the socialized services covered a vast field and had an intimate bearing on the individual lives of citizens. These points are all taken from Beatrice and Sidney Webb’s book, *Soviet Communism, a New Civilization?* (in the press). The authors point out that ‘the great levelling influence of the economic relations exemplified in widespread industrialization and collectivism, which operate irrespective of race or nationality or any geographical boundaries, constitutes

in a single country' is simply the local name for the ubiquitous post-war 'economic nationalism'—a pursuit of the will-o'-the-wisp of *autarkeia* which had latterly stampeded even the United Kingdom, that nineteenth-century mart and workshop of the World.

This unmistakable post-war tendency for all national states to become totalitarian, and for their common totalitarianism to conform to a uniform type, would perhaps at this time have been scouted with equal scorn as a paradox, or denounced with equal horror as a blasphemy, by the apostles of a national Communism and the apostles of a national Fascism; yet to a Christian philosopher the tendency towards uniformity would have seemed as natural as it was manifest. In both Stalinism and Hitlerism, an Augustine of Madaura or a Thomas Aquinas would have seen two closely related variants of a single process by which a latter-day society that had repudiated the *Respublica Christiana* was relapsing into the 'magnum latrocinium' of a congeries of tribal communities. In this generation, the *Civitas Dei* on Earth—with its animating principle of Love and its universal brotherhood of all men through the Fatherhood of God—was visibly withdrawing, like Astraea, to its heavenly place of origin and was abandoning the terrestrial stage to the primeval plurality of parochial states whose animating principle was Physical Force.

In Communism as well as in Fascism, an archaistic glorification of force was a salient feature. Yet it was not so easy for any movement that had arisen in a Christian environment to repudiate its origins; and in its original gospel of World-Revolution Marxism was still trailing Christian clouds of glory—however perversely it might have caricatured its Christian source of inspiration by divorcing the brotherhood of men from its divine cause and sanction, and then substituting the pagan method of Force for the Christian method of Love as the sovereign means for attaining its mutilated objective. Nevertheless the Marxian conception of the World-Revolution did reflect a gleam of Christian universalism like the fading sunset glow upon a thundercloud in the evening sky; and though this element in the Marxian ideology was doomed, by its divorce from its Christian inspirations, to be as evanescent as the corresponding bourgeois ideal of free trade, a world which was relapsing into tribalism might be the poorer—though the quieter—for its disappearance, and a Christian observer might see some moral loss, as well as some material gain, in the victory of Stalin over Trotsky.

a silent but continuous unifying factor'. Another potent unifying factor was the unity of the Union Communist Party, which was 'the keeper of the conscience of the Proletariat'.

From a Machiavellian standpoint, however, the replacement of Trotsky's militant Communist universalism by Stalin's parochial Communist nationalism was to be reckoned as a definite and important gain for the cause of world peace. For a man who has settled down to cultivate his own garden is a man with a stake in the *status quo* who is no longer tempted to disturb his neighbours and indeed no longer concerned with these neighbours at all except in so far as they threaten disturbance on their part.

The Soviet Union, which has no territorial ambitions and is absorbed by the task of its economic socialist reconstruction, needs peace as one needs air; it needs it for the growth and development of the proletarian state.<sup>1</sup>

In the post-war world, however, the sated—or even merely satisfied—Powers had found that peace was by no means automatically ensured to a state which was innocent of covetousness; for, in a tribal universe, such innocence was seldom the fruit of an ascetic virtue. It was more often the consequence of possessing 'natural resources' that were likely to excite the cupidity of other people if they were sufficiently abundant to allay the pangs of covetousness in the heart of their momentary possessor. 'We do not want a single bit of foreign land', declared Stalin himself at the Sixteenth Congress of the Union Communist Party (which was held in June and July 1930), 'but at the same time not an inch of our land shall ever be yielded to any one else.'<sup>2</sup> These words had hardly been uttered when the hypothetical menace began to take concrete shape in the Japanese military outbreak of 1931 and in the German National-Socialist Revolution of 1933; and, in face of this positive threat, the Soviet Union reacted in the same fashion as any other state member of the *primaeval* and rudimentary society of parochial sovereign states. It sought to supplement its own defensive force by entering into defensive arrangements with other states that felt themselves to be threatened likewise from the same quarters.

This emergence of the Japanese and German menace to the Soviet Union's security, immediately after the triumph of the new Stalinian nationalism in the Soviet Government's counsels, was followed in its turn by a profound change in the Union Communist Party's attitude towards the prospect of another general war. It was one of

<sup>1</sup> From a speech delivered at the Sixth Congress of the Third International (held in Moscow in July and August 1928) by the British delegate, Mr. Bell (quoted by Florinsky, in *op. cit.*, p. 200, from the verbatim report of the proceedings of the Congress, vol. ii, p. 24).

<sup>2</sup> Quoted by Florinsky in *op. cit.*, p. 233.

the established dogmas of the Bolshevik Faith that the Soviet Union was in perpetual danger of being attacked by the armies of Capitalism; but this dogma was not based upon any actual fact in the international situation as this had stood during the decade ending on the 18th September, 1931. The source of the dogma was partly the past experience of the Bolsheviks during the first four years of their régime, when their infant commonwealth had actually been invaded first by the Germans and afterwards by the victorious Allies. To a still larger extent, the dogma was derived from an ancient apocalyptic tradition which was familiar to all Jews and Christians in the Book of the Prophet Daniel and in the Revelation of Saint John the Divine. Armageddon was the traditional preface to the Millennium; and, in the conventional plot of this *Divina Commedia*, the final World-War which was to result in the triumph of the Saints, and the discomfiture of the Sons of Belial, was fore-ordained—whether by Divine Providence or by Historical Necessity—to be precipitated by the wanton aggression of the Children of Perdition. This was how the Capitalist menace continued to be conceived officially in the Soviet Union even after the voice of Trotsky had ceased to be heard in the land.<sup>1</sup> But when the indeterminate hosts of a legendary Capitalist Antichrist resolved themselves into the particular armies of two such formidable earthly Powers as the Japanese Empire and the German Reich, the Bolsheviks were far from being consoled by finding the numbers of their potential Capitalist assailants reduced from the mystic number of seventy to the modest number of two. Confronted with a threat of aggression 'in real life', the Bolsheviks appear to have lost their theological conviction that the aggression was bound to work out to the aggressors' undoing, and they accordingly ceased to view the prospect of the threatened assault with their old fanatical self-confidence. Conversely, the peace in which they had formerly acquiesced as a tedious deferment of their inevitable world-wide triumph now came to wear the appearance of a treasure which was to be sought and pursued for its own sake as the paramount object of the Soviet Government's foreign policy. With this preface, the successive stages in the development of this policy may now be recorded.

<sup>1</sup> The belief in the inevitability of war between a Capitalist and a Communist Society, so long as any relics of the old dispensation survived in the same world which had seen the birth of the rudiments of the new order, was of course logically irreconcilable with the policy of negotiating non-aggression pacts between the Soviet Union and its Capitalist neighbours. What was the use of such pacts if Historical Necessity decreed that war must be the result of Capitalist Imperialism? (On this paradox, see Florinsky, 'Soviet Foreign Policy', in the *Slavonic Review*, vol. xii, No. 36, April 1934. The article is reprinted in *International Conciliation*, June 1934, No. 301, pp. 214-33.)

(b) THE DEVELOPMENT OF THE SOVIET GOVERNMENT'S  
FOREIGN POLICY

The development of the Soviet Government's foreign policy, from Lenin's seizure of power over the wreckage of the Russian Empire in October 1917 down to the admission of the Soviet Union, rather less than seventeen years later, to membership of the League of Nations, can be traced through a series of distinct and definable stages.

In the first—and perhaps the shortest—stage, when the World-Revolution was believed to have been already inaugurated by Lenin's dramatic stroke on the banks of the Neva, the Bolsheviks' foreign policy was Ishmaelitish. The whole Earth was their battlefield, including the patch of Russian ground on which they themselves were momentarily standing; and all Capitalist states were their natural and irreconcilable enemies, whether they called themselves the Central Empires or the Allied and Associated Powers.

The second stage followed when the imminent cosmic event proved not to be a collapse of the Capitalist Society but a collapse of the Central Empires in their war with the Allies. The victors first cancelled the Peace of Brest-Litovsk, which the Central Empires had imposed upon the Bolsheviks, and then failed in their turn in their own more ambitious attempt not merely to despoil the Bolsheviks but to overthrow them. The Bolshevik régime succeeded, by demonic efforts, in preserving its existence in the Russian domain which it had already acquired; and thereafter it found itself confronted, beyond those borders, with a Capitalist World which had neither gone into dissolution nor yet overcome its own internal division into two hostile camps. These decisive events, which took place between the spring of 1918 and the winter of 1920-21, transformed the world-situation and compelled the Bolsheviks to revise their outlook and, with it, their policy. In the first place, they were forced to distinguish *de facto*, if not yet in theory, between a region in which the Communist Revolution was already an accomplished fact and an unreclaimed Capitalist wilderness in which the work of conquest and conversion had still to be accomplished—just as the early Muslims, after the failure of their attempt to engulf the whole of Christendom in their first sweeping onset, were forced to draw the distinction between Dāru'l-Islām and Dāru'l-Ḥarb.<sup>1</sup> In the second place the

<sup>1</sup> 'In the Capitalist countries the proletariat fights against the Capitalist state; in the U.S.S.R. the proletariat defends its government, it defends the proletarian state. In the Capitalist countries we are for revolution; in the U.S.S.R. we are for evolution, for internal peace, for the peaceful development of Socialism'—Report by Comrade Varga on the economic situation in the

Bolsheviks were forced to differentiate between at least two shades of murkiness in the undisputed outer darkness, and to adopt different tactics towards different divisions of the Capitalist hosts of Midian which continued to prowl around the successfully defended Communist citadel.

To take advantage of the flagrant and enduring split in those alien Capitalist ranks was an elementary maxim in the strategy of the defence of the Soviet Union which its Communist rulers could not afford to neglect. But some theoretical justification had to be found for this first rudimentary insinuation of *raison d'état* into the young Communist commonwealth's embryonic foreign policy. Was not the whole of the Capitalist Society equally unclean and therefore equally to be boycotted by the Children of the Covenant? This Rabbinical problem of reconciling expediency with the Law was solved, at this stage, by drawing a distinction between the Capitalist Society and the Non-Communist World. The Capitalist Society was now equated with the victorious Allied and Associated Powers, while the other elements in the Non-Communist World—that is to say, the remnants of the vanquished Central Empires, together with the Oriental and the primitive peoples who were actually or virtually subject to the victors' domination—were redeemed from the reproach of Capitalism by being sanctified as the victims of it. As fellow victims of Capitalism, these non-Communist portions of Mankind had a common bond and cause with the Communist elect in the Soviet Union; and it was manifestly lawful for the Saints to ally themselves with these non-sinners against their common enemy.

Accordingly, at this stage, the Communist rulers of the Soviet Union entered into treaty-relations with the Weimar Republic (incorrigibly bourgeois though this foremost victim of the Allied Powers might be),<sup>1</sup> and with a group of pre-Capitalist Islamic Powers—Turkey, Persia and Afghanistan—which were all of them up in arms against Western Imperialism.<sup>2</sup> This was followed up by a less formal co-operation with the likewise anti-Western and pre-Capitalist Kuomintang movement in China;<sup>3</sup> and attempts were made—with some

U.S.S.R., addressed to the Sixth Congress of the Third International (which was held in July and August 1928). The passage is quoted from the verbatim report, vol. v, p. 4, by Florinsky, in *World Revolution and the U.S.S.R.*, pp. 195-6. The situation here described and accepted had been in existence, *de facto*, since 1921.

<sup>1</sup> See the *Survey for 1920-3*, pp. 30-1, and the *Survey for 1930*, pp. 125-7.

<sup>2</sup> See the *Survey for 1920-3*, Part IV, sections (iii) and (iv); the *Survey for 1925*, vol. i, p. 525; and the *Survey for 1928*, Part III B, section (xiii).

<sup>3</sup> See the *Survey for 1925*, vol. ii, Part III, section (ii); the *Survey for 1926*, p. 240; the *Survey for 1927*, Part III, section (ii).



success in Netherlands India<sup>1</sup>—to stir up the Oriental subjects of Western Powers against their alien masters.

In the third stage—which overlapped chronologically with the second and was not logically incompatible with it—the Soviet Government enlarged their conception of lawful relations to embrace all *états limitrophes*, not excluding those which could not be acquitted of being Capitalist on any definition of terms. In this stage, the great landmark was the conclusion of a peace treaty with Poland on the 18th March, 1921.<sup>2</sup> The principal feature of this treaty was the settlement of frontiers; and the Soviet Government took similar steps to settle their frontiers on other sectors in treaties with Latvia, Estonia and Finland.<sup>3</sup> Upon the completion of these agreed territorial settlements with these four Capitalist states, the Soviet Union found itself in possession of an agreed frontier along the whole of its European border except for the southernmost sector *vis-à-vis* Rumania; and the reason why an agreed territorial settlement with Rumania was not achieved was not because the Soviet Government retained any lingering Marxian scruple, in this instance, over dealing with a Capitalist *état limitrophe*, but for the mundane reason that they regarded themselves as the legitimate heirs to the defunct Russian Empire's possession of Bessarabia, and disputed the Rumanian Government's title to the ownership of a province which a Rumanian Army had occupied by *force majeure* at a moment when the Russian Empire was derelict.<sup>4</sup> On its non-European borders—where the *états limitrophes* all fell within the category of non-Communist victims of Capitalism—the Soviet Government arrived at territorial settlements with Turkey in respect of Transcaucasia<sup>5</sup> and with China in respect of Manchuria<sup>6</sup> (though not in respect of Outer Mongolia).<sup>7</sup>

Though settlements of this kind with the *états limitrophes* were not achieved quite all along the far-extended line of the Soviet Union's European and Asiatic borders, the foundations laid in bilateral agreements between the Soviet Union and a number of its immediate neighbours proved sufficiently solid to carry a succession of multi-lateral diplomatic structures. In 1928–9, for instance, the Soviet Government succeeded in inducing all the *états limitrophes* from

<sup>1</sup> See the *Survey for 1926*, Part III B, section (iv).

<sup>2</sup> See *The History of the Peace Conference of Paris*, vol. vi, pp. 318–22, and the *Survey for 1924*, p. 203.

<sup>3</sup> See the *Survey for 1920–3*, Part III, section (ii) (2) (d).

<sup>4</sup> See the *Survey for 1920–3*, Part III, section (ii) (4) and pp. 501–3; the *Survey for 1924*, Part I C, section (vii); the *Survey for 1927*, pp. 297, 300.

<sup>5</sup> See the *Survey for 1920–3*, pp. 370–3.

<sup>6</sup> See the *Survey for 1925*, vol. ii, pp. 334–7, 342–4.

<sup>7</sup> See the *Survey for 1920–3*, Part VI, section (i).

Estonia to Persia, including Rumania, to join with them in subscribing to 'the Litvinov Protocol' for anticipating, as between the states in question, the entry into force of the Multilateral Pact of Paris ('The Briand-Kellogg Pact') for the renunciation of war.<sup>1</sup> Similarly, in 1933, the Soviet Government succeeded in inducing the same set<sup>2</sup> of *états limitrophes*, with the addition of Finland and Afghanistan, to enter into another group of anticipatory regional agreements—this time for adopting the Geneva draft of the 24th May, 1933, defining aggression<sup>3</sup> (a draft which was itself largely the Soviet Government's own handiwork).<sup>4</sup>

So long as the states with which the Soviet Government were entering into treaty relations all belonged to one, or both, of the two categories of *états limitrophes* and victims of Capitalist oppression, the Soviet Government were preserving their formal purity from the ritual offence of entering into contact with things unclean, and were at the same time keeping their own foreign policy in nominal harmony with the militant anti-Capitalist propaganda of the Third International in the Third International's war-zone beyond the Union's frontiers. The principle that the Soviet Government's foreign policy must not be such as to hamper the Third International's activities was abandoned, however, in the annex<sup>5</sup> which was attached to the regional agreement of 1933 for adopting the Geneva draft of the 24th May, 1933, by anticipation; for in this annex the enumeration of circumstances which might not be taken to justify any act of aggression included

the internal position of any state, as, for example: its political, economic or social structure; alleged shortcomings of its administration; disorder following upon strikes, revolutionary or counter-revolutionary movements, or civil war.

This list embraced both the pretexts which Japan had already put forward in order to justify her accomplished acts of aggression against China, and the pretexts which Japan and Germany might be expected to put forward if they should ever embark, either severally

<sup>1</sup> *Survey for 1929*, pp. 63-9.

<sup>2</sup> The list of participants included Lithuania, who was a party to the protocols of 1929 and 1933 in spite of the fact that she had no direct territorial contact with the Soviet Union. In 1929, the list of parties was further increased by the participation of the Free City of Danzig. In 1933, Danzig was not a party, but on the other hand the list was completed this time by the inclusion of Finland and Afghanistan, who were the two missing *états limitrophes* in 1929, as well as Czechoslovakia and Yugoslavia, who were the two *non-limitrophe* members of the Little Entente.

<sup>3</sup> *Survey for 1933*, pp. 181-3.

<sup>4</sup> *Op. cit.*, pp. 234, 245-6, and 278 *seqq.*

<sup>5</sup> *Survey for 1933*, p. 182; *Documents for 1933*, pp. 232-3.

or jointly, upon some aggressive adventure against the Soviet Union. In persuading his co-signatories of the regional anticipatory agreement to supplement the Geneva draft by this addition, Monsieur Litvinov manifestly had in mind the dangers threatening the Soviet Union and its girdle of buffer states. While China had already been victimized on the ground of her administrative inefficiency and disorder, the Soviet Union itself might be victimized on the ground that its Communist constitution automatically made it an outlaw and thereby debarred it from the enjoyment of any of the rights which Capitalist states possessed *vis-à-vis* one another under the Capitalist Society's system of international law. In this annex, the anxieties and aims of the Soviet Government are patent; yet in seeking to secure themselves against the danger of aggression on the part of certain particular Capitalist Powers, the Soviet Government were incidentally undertaking, on their own part, not to allow their own territory to be used in future as a base of operations for some of the most characteristic and effective activities of the Third International. Moreover, this incidental consequence of the Soviet Union's efforts at self-protection was neither overlooked nor concealed by the Soviet authorities. In the *Izvestiya* of the 8th February, 1933, in its editorial comment on Monsieur Litvinov's proposals of the 6th February, it was frankly admitted that

Litvinov's declaration not only is aimed against intervention in a country where there is a revolution, but in the name of the U.S.S.R. undertakes the obligation not to intervene in a country where there is a counter-revolution.<sup>1</sup>

This admission was impressive; yet it was no more than the logical consequence of the declaration which had been made, as early as 1927, by the Soviet Government's representatives at the economic conference of that year,<sup>2</sup> and which had since been reaffirmed by Monsieur Molotov in a speech delivered in March 1931:

Socialism is not merely a system of economic and social equality. Socialism, first of all, means peace. The contradictions between the two economic systems, which during a certain historical period must unavoidably exist, do not exclude the possibility of some practical arrangement between them.<sup>3</sup>

This declaration opened the way to the fourth stage in the development of the Soviet Government's foreign policy—a stage in which the Soviet Union began to behave simply as one parochial sovereign state in a world of states of the same species, and no longer scrupled

<sup>1</sup> *Izvestiya*, 8th February, 1933, quoted by Florinsky in *op. cit.*, p. 238.

<sup>2</sup> *Survey for 1929*, p. 97.

<sup>3</sup> Quoted in Florinsky, *op. cit.*, p. 235.

to enter into relations with any state, of whatever political or social complexion, whose good will or friendship or support might seem of value to the Soviet Government as they steered their course through international seas that were yearly becoming more and more perilous. It was this fourth stage that saw the *rapprochement* between the Soviet Union and France, and that culminated in the entry of the Soviet Union into the League of Nations.

(c) THE CONCLUSION OF NON-AGGRESSION TREATIES WITH FRANCE AND OTHER EUROPEAN POWERS, AND THE ENTRY OF THE SOVIET UNION INTO THE LEAGUE OF NATIONS (1931-1934)

The method by which the Soviet Government slipped back into a system of normal foreign relations was through the conclusion of a number of bilateral non-aggression treaties. This type of diplomatic instrument, which Soviet diplomacy had made peculiarly its own, had been worked out—in a network of treaties which the Soviet Government had concluded with its three Middle Eastern neighbours, and had induced these neighbours to conclude with one another—between 1921 and 1928.<sup>1</sup> Within the same period, the Soviet Government had entered into corresponding treaty relations with Germany.<sup>2</sup> The negotiation of non-aggression treaties with other countries began in 1931; and treaties of the kind were duly signed with Finland on the 21st January, 1932; Poland on the 25th January, 1932; Latvia on the 5th February, 1932; Estonia on the 4th May, 1932; France on the 29th November, 1932; Italy on the 2nd September, 1933. In this series of treaties, the Franco-Russian treaty was by far the most important. Its signature was as epoch-making an event in the international history of Europe as was the recognition of the Soviet Union by the United States, on the 16th November, 1933,<sup>3</sup> in the international history of the Far East and the Pacific.

The negotiations which eventually resulted in the signature and ratification of this Franco-Russian treaty appear to have begun in June 1931, simultaneously with a parallel series of negotiations for an improvement in the commercial relations between the two countries. The commercial negotiations were admittedly entered into on the Russian Government's initiative. In regard to the political negotiations, there was at first a certain unwillingness on either side to admit responsibility for having broached the idea of keeping such queer company as an *entente* with Capitalist France still seemed

<sup>1</sup> See the *Survey for 1928*, Part III B, section (xiii).

<sup>2</sup> See the *Survey for 1927*, pp. 301-10; the *Survey for 1930*, pp. 126-7; the *Survey for 1933*, p. 180.

<sup>3</sup> See the *Survey for 1933*, Part IV, section (iv).

in Russian eyes and an *entente* with Communist Russia in the eyes of the French. The truth may be that the emergence of the National Socialist cloud in Germany had inspired the idea of a Franco-Russian *entente* in French and Russian minds simultaneously and independently.<sup>1</sup>

The trade negotiations did not run smoothly or quickly. On the other hand, the political negotiations resulted, before the end of December 1931, in the initialing—as a token of provisional approval—of an agreed draft text for a Franco-Russian non-aggression treaty.

Further progress in this political field was, however, still being impeded, at the turn of the years 1931 and 1932, by a hesitation, on the French Government's part, to enter into a non-aggression treaty with the Soviet Union without the negotiation, *pari passu*, of corresponding treaties between the Union and two allies of France, Poland and Rumania, who were also two of the Union's *états limitrophes*. This French hesitation was overcome when Poland duly signed her non-aggression treaty with the Soviet Union on the 25th January, 1932;<sup>2</sup> and the continued failure of Rumanian and Russian diplomacy to achieve a Russo-Rumanian treaty of the same pattern<sup>3</sup> was not, in itself, a sufficiently serious obstacle to prevent the Franco-Russian negotiations from being consummated.

The Russo-Rumanian negotiations—with the old Bessarabian stumbling-block still in their path—proved extremely difficult; for when, in September 1932, a formula which was satisfactory to the Soviet Government, as well as to the Rumanian Government of the day, had been found with the assistance of the Polish Government's good offices, a settlement was prevented, at the eleventh hour, by the personal intervention of the Rumanian Minister in London, Monsieur Titulescu, who proved strong enough to overthrow Dr. Vaida-Voivod's ministry at Bucarest and to win his own way to office. Thereafter, Monsieur Titulescu attempted to induce the Soviet Government to accept, through the mediation of France, a new formula in regard to Bessarabia which was satisfactory to the new Rumanian Government; but this time it was the Soviet Government's turn to be intransigent. In these circumstances Monsieur Titulescu—who was the principal Rumanian champion of the Franco-Rumanian *entente* and was therefore anxious not to obstruct the execution of the French Government's policy—made it known in Paris that he did not wish to ask for any further postponement of the conclusion of

<sup>1</sup> On this question see a despatch from the Paris correspondent of the *Journal de Genève*, published on the 3rd September, 1931.

<sup>2</sup> See the *Survey for 1931*, p. 155.

<sup>3</sup> See the *Survey for 1932*, p. 608.

the draft Franco-Russian treaty. Thereupon, the French Government asked the Soviet Government for a special assurance confirming their previous undertakings (under 'the Litvinov Protocol' and 'the Kellogg-Briand Pact') that the Soviet Union would not have recourse to violence for the solution of their outstanding controversies with Rumania; and the Soviet Government promptly gave the French Government the assurance which they sought.<sup>1</sup> The way was now clear for the signature of the Franco-Russian draft treaty; and it was duly signed in Paris—not much less than a year after the date on which it had been initialed—on the 29th November, 1932.

The text of this Franco-Russian treaty of the 29th November, 1932, need not be analysed here, since it will be found in one of the volumes of documents in this series,<sup>2</sup> and it did not differ in any notable respect from the standard pattern of treaties of the kind. The importance of the treaty consisted in the fact of its signature and in the sequel.

Ratifications were exchanged at Moscow on the 15th February, 1933; and on the 18th May, 1933, the Chamber of Deputies in Paris debated the treaty and passed a unanimous vote of approval.

In the course of this debate, the following observations were made by Monsieur Édouard Herriot:

What has happened is a happy thing for France. Do I need to remind the House of the broad lines of our national policy—the traditional policy, as I will make bold to say, of the Kings of France? Remember how Francis I allied himself with Turkey not only in the face of, but actually against, the whole of Christendom, because this was what the interests of France required [*interpellation by the Prime Minister, Monsieur Daladier*: 'That is likewise the tradition of the Revolution'].

The Red Army [Monsieur Herriot continued] is, as an Honourable Member has already pointed out, a very important organization. We are well aware of that: the period of military service and the number of the military formations are a sufficient proof. . . . The Russian army, as another Honourable Member has shown, is potently equipped with aircraft and with chemical weapons. The Soviets devote considerable sums to research of all sorts.

Would you call it patriotism to shut one's eyes to these solid facts? [*Applause.*]

In the same place, eighteen months later, in a debate on the military estimates, one of Monsieur Herriot's Socialist-Radical associates, Monsieur Archimbaud, who was then serving as *rapporteur* for the

<sup>1</sup> For these Franco-Russo-Rumanian transactions see *Le Temps*, 27th November, 1932. The next attempt to arrive at a Russo-Rumanian settlement was made in October 1933, this time on Polish ground (see the *Survey for 1933*, p. 204).

<sup>2</sup> *Documents on International Affairs*, 1933, pp. 233-6.

Chamber's Army Committee, expressed the same idea in still blunter language:<sup>1</sup>

Russia has a strong and well-equipped army which she will offer us in the event of a conflict between us and Germany. Why should we be worried if bourgeois France comes to an agreement with Communist Russia? Did not Richelieu come to an agreement with the German Protestant princes?

On the Russian side, Stalin, addressing the Seventeenth Congress of the Union Communist Party on the 26th January, 1934, declared—by way of rebutting the allegation that the Soviet Government's foreign policy had changed its orientation—

To-day, as in the past, we orient ourselves towards the U.S.S.R. and towards it alone [*frantic applause*]; and, if the interests of the U.S.S.R. demand a *rapprochement* with such and such countries which are interested in the preservation of peace, we make the necessary *rapprochement* without hesitation.<sup>2</sup>

In an article published in the American periodical *Foreign Affairs* in the same month of the same year, Monsieur Karl Radek wrote that

The Soviet Union does not close the door to the possibility of a deal, an agreement with imperialistic powers which are waging a struggle against other imperialistic Powers, if the latter attack the Soviet Union. . . . Against attacking imperialism, an agreement is permissible with any opponent in order to defeat the enemy invading the Soviet territory.

On the 15th May, 1935, the French Government were able—no

<sup>1</sup> Monsieur Archimbaud's speech was interpreted as meaning that by this time France and Russia had secretly entered into an actual military alliance. This interpretation was publicly repudiated both by Monsieur Archimbaud and by the French Government.

<sup>2</sup> In an earlier passage in the same speech, Stalin mentioned four points 'on which the U.S.S.R. counted in its difficult and complicated struggle for peace:

'(a) On its own growing political and economic power;

'(b) On the moral support of the millions of proletarians in all countries, who are vitally interested in the maintenance of peace;

'(c) On the good sense of the countries which, for various reasons, have no interest in seeing peace compromised, and which are inclined to develop commercial relations with a partner which is as punctual in its payments as the U.S.S.R. is;

'(d) And, finally, on our glorious army, which is ready to defend the country against foreign attack.'

Of these four points, all but the second might have been cited equally well, on his own account, by the head of the Government of any Capitalist Great Power of the day. As for the Soviet Union's second source of strength, it was no different in kind from that which Turkey had possessed (before her self-secularization) in the support of the Muslim subjects of other Powers, or, again, from the strength which the Irish Free State derived from the sympathy of the Irish-Americans.

doubt, with Monsieur Stalin's previous knowledge and consent—to deal the French Communist Party a prostrating blow by announcing, in an official *communiqué*, that

Monsieur Stalin understands and fully approves the policy of national defence adopted by France to maintain her armed forces at the level required for security.

In these French and Russian voices that were speaking the same pagan language naked and unashamed, we seem to hear Antichrist calling to Antichrist across the breadth of Europe.

The French and Russian *Realpolitiker* who in 1933 were thus setting their feet on a path which had led their countrymen in the preceding generation to the precipice of 1914, lost no time now in entering upon the traditional exchange of courtesies. On the 20th May, 1933, Monsieur Litvinov sent to Monsieur Paul-Boncour, the Minister for Foreign Affairs in the French Government of the day, a telegram<sup>1</sup> expressing the Soviet Government's gratification at the unanimity of the vote in the French Chamber, and declaring that 'this gesture considerably' increased 'the value of the pact—the importance of which' had 'already grown, as it was, since the time of its conception and signature'. Monsieur Paul-Boncour hastened to reply<sup>2</sup> in the same strain. On the 6th July, 1933, Monsieur Litvinov visited Monsieur Paul-Boncour and Monsieur Daladier in Paris; and, at a banquet in the same city on the 8th, he spoke of the Soviet Union's innocence of Imperialism, freedom from ambitions for territorial expansion, concern for peace, and devotion to the principle of national independence.

In the August and September of the same year, Monsieur Herriot went on a visit to Russia (*via* Bulgaria and Turkey)—not as an emissary of the French Government, yet as the Soviet Government's official guest—and was given a magnificent reception, which he fully earned by the diplomatic prowess that he displayed in his intercourse with his hosts. 'I am profoundly convinced', he declared in an interview with the Soviet Press, 'that the Russians are a peaceful people.'—'I admire', he wrote in the visitors' book of a military school, 'these fine young men under arms, and I give them the greetings of a republican Frenchman.'—'I hope,' he told his fellow citizens upon his arrival home at Lyons on the 13th September, 'that my journey has given me the opportunity to put in some good work . . . for the benefit of France and of peace.'

On the 12th September, 1933, the Air Minister in the French

<sup>1</sup> Text in *Le Temps*, 22nd May, 1933.

<sup>2</sup> Text of telegram in *Le Temps*, 24th May, 1933.



Government of the day, Monsieur Pierre Cot, left Le Bourget for Moscow accompanied by a suite of officials of the French Air Ministry. The three French aeroplanes duly reached their destination on the 15th September, after having broken their journey at Kharkov and at Kiev. In a speech which he delivered in Moscow during his visit, Monsieur Cot expressed the opinion that 'the interests of our people and of world-peace' would be promoted by the establishment of technical co-operation in the air between France and the Soviet Union; and in a statement which he made, upon his return home, to the French Press, he told his countrymen that he had

visited a great number of aviation establishments, institutes, laboratories, factories, schools, industrial enterprises and social institutions such as dispensaries, kindergartens and crèches. But [he added] I will not conceal the great interest and the high regard that I have brought away with me for the Russian achievements in the air. I believe that, in the course of our visit, we have prepared the ground for a technical collaboration and for a closer contact between the experts of the two nations. . . . I am convinced that, in working on the plane of science, technique and industry (which are the fundamental preoccupations of the Soviet Union), we shall be making some small contribution to the insurance of mutual understanding and general peace.

A return visit was paid in the following year by a flight of three Russian aeroplanes which arrived in Paris on the 7th August, 1934. And this Russian air mission was entertained by Monsieur Herriot in his capacity as mayor of his native city of Lyons. During the same calendar year, a French air mission spent six months in the U.S.S.R.

In the meantime, the Franco-Russian trade negotiations which had been running parallel with the political negotiations had been making a slow progress which at length bore fruit in the initialing of a provisional Franco-Russian trade agreement at Paris on the 11th January, 1934, and in the signature at Moscow, on the 9th December, of a protocol which was to provide the basis for the conclusion of a permanent commercial treaty.

It will be seen that, after the signature of the Franco-Russian Non-Aggression Treaty of the 29th November, 1932, the relations between the two parties continued to grow more intimate and more cordial; and in the year 1934 this well-known tendency for a *détente* resulting from a common anxiety to transform itself into an *entente*, if the anxiety persists, received a fresh acceleration and impetus from two events: the signature, on the 26th January, 1934, of a German-Polish Non-Aggression Pact in which the contracting parties pledged themselves, for the next ten years, to abstain from the use of force

as a means of settling their differences with one another;<sup>1</sup> and the replacement, in France, of Monsieur Daladier's Government by Monsieur Doumergue's Government on the 9th February as the result of an outbreak of disorder in Paris.

This sudden and extreme political change in France, which seems to have been almost entirely due to internal stresses and strains, produced a profound and rapid effect upon the international situation inasmuch as it placed the conduct of the foreign policy of one of the key-countries of Europe in the hands of a Ministry which was predominantly composed of old men of the generation and outlook of Monsieur Poincaré. A characteristic figure among them was Monsieur Barthou, who now succeeded Monsieur Paul-Boncour at the Ministry of Foreign Affairs. The new French Foreign Minister was a man who had acquired the mental rigidity of age without having lost the animal spirits of youth; and though he only held office for eight months in the year 1934 before his activities were cut short by his tragic end on the 9th October, he contrived, during this brief period, to make a mark upon international history which seemed certain to endure and likely to prove unfortunate.

The history of the project, which Monsieur Barthou initiated, of building up an East-European pact of mutual assistance, to balance the Locarno Pact in the West, will be dealt with in the following volume; for, though the project can be traced back to a meeting between MM. Barthou and Litvinov at Geneva on the 18th May, 1934, the negotiations did not reach their decisive stage until long after Monsieur Barthou's death and the turn of the calendar year. In this volume we can only record two transactions which grew out of the Eastern Pact project, but which were both completed before the close of the year 1934. One of them was the signature, on the 5th December, 1934, of an agreement<sup>2</sup> between Monsieur Litvinov and Monsieur Barthou's successor, Monsieur Laval, to the effect that neither France nor the Soviet Union would enter into any political negotiations with other Powers which might prejudice the conclusion of the proposed Eastern Pact without first consulting one another.<sup>3</sup> (This Franco-Russian agreement was acceded to by Czechoslovakia on the 11th December, 1934.) The other, and greater,

<sup>1</sup> For the change in German-Polish relations which led up to the conclusion of this agreement, see the *Survey for 1933*, pp. 183-6. The German-Polish pact of the 26th January, 1934, will be dealt with further—in relation to the counter-project for an Eastern Pact—in the *Survey for 1935*.

<sup>2</sup> Text in *The Times*, 19th December, 1934.

<sup>3</sup> See Monsieur Litvinov's commentary on this agreement which was communicated to the Tass Agency and published in *Le Temps* on the 9th December, 1934.

transaction that arose out of the Eastern Pact project was the entry of the Soviet Union into the League of Nations.

This step seems to have been recommended to Monsieur Litvinov by Monsieur Barthou with a view to co-ordinating the Eastern Pact project with France's existing international obligations and particularly, perhaps, with her relations to the United Kingdom (for example, through the Locarno Pact). On the 28th May, 1934, it was publicly admitted in the *Izvestiya* that the arguments in favour of the Soviet Union's joining the League were being 'very seriously considered' by the Soviet Government. This admission implied a momentous change in Soviet foreign policy.

At the time when the League of Nations officially came into existence—on the 10th January, 1920—the Bolsheviks were even more hostile to it than the Germans or the Americans were, for they were animated by both the feelings by which the Germans and the Americans were severally inspired. Like the Americans, they regarded the League as a net treacherously spread to draw them back into a European city of destruction out of which they had just made good their escape at the cost of being seared by the flames of the apocalyptic conflagration.<sup>1</sup> At the same time, the Bolsheviks—like the Germans both before and after the Stresemann and Brüning régimes—regarded the League as a conspiracy of the victorious Allied Powers (in whom the Bolsheviks now saw the chief surviving pillars of Capitalism).<sup>2</sup> In this doubly sinister aspect, the League, in its infancy, was an abomination in the Bolsheviks' eyes; and their aversion from it was still further increased when Germany—the fellow victim of a victorious Capitalism, with whom they had fraternized at Rapallo—capitulated, as it appeared to the Bolsheviks, by applying for admission to membership of the League after the conclusion of the Locarno Pact.<sup>3</sup> Indeed, one of Dr. Stresemann's principal diplomatic difficulties, in bringing his country into the League, was to placate and reassure the Soviet Government sufficiently to escape from the dilemma of being compelled to make a choice for Germany between neighbourly relations with the Western Powers and neighbourly relations with Russia.<sup>4</sup>

<sup>1</sup> This feeling was inherited by the Bolsheviks from the nineteenth-century Russian Slavophiles, whose almost morbid anxiety to keep themselves free from the defilement of contact with a 'corrupt and effete' Europe was oddly like the feeling of their American contemporaries.

<sup>2</sup> For this identification of the Allied and Associated Powers with the seven-headed beast of Capitalism in the apocalyptic vision of the Bolsheviks after the Armistice of the 11th November, 1918, see p. 377, above.

<sup>3</sup> See the *Survey for 1925*, vol. ii, pp. 63–6.

<sup>4</sup> See the *Survey for 1927*, Part II E, section (v).

To this extent, the Soviet statesmen allowed themselves to be mollified. They maintained their friendship with Germany after her entry into the League had become an accomplished fact, and they subsequently consented to take part—though rather late in the day—in the work of the Preparatory Commission for the World Disarmament Conference<sup>1</sup> and thereafter in the sessions of the World Disarmament Conference itself.<sup>2</sup> Here, however, they were able to ease their consciences by reminding themselves that these disarmament negotiations—like ‘the Briand-Kellogg Pact’, to which the Soviet Government likewise adhered—were at least officially outside the framework of the League. Was not the United States—who was the other conscientiously obstinate non-signatory of the Covenant—to be seen partaking, without embarrassment, in these disarmament activities? And did not the Preparatory Commission and the Conference offer the Soviet Delegation a series of incomparable opportunities for exposing the Capitalist Powers’ insincerity and bad faith? If the Soviet Government’s contributions to the work of the Commission and the Conference, as they have been recorded in previous volumes of this series,<sup>3</sup> are re-examined by a reader of this chapter with an eye to their bearing upon the Soviet Government’s attitude towards the collective system in general and towards the League in particular, he will probably form the impression that, at the outset, propaganda rather than constructive work, and criticism rather than co-operation, was the Soviet Government’s paramount concern. On the other hand, he can hardly fail to be struck by the evidences for a change in the Soviet Government’s attitude as time went on; and indeed it would be difficult for an impartial-minded and open-eyed student of the proceedings of the Disarmament Conference in 1932 and 1933 not to be convinced that, by that time, the Soviet Government were working as earnestly and effectively as any other Government for the genuine achievement of the purposes for which the Conference had been convened.

This change in the Soviet Government’s attitude at the Disarmament Conference would seem to imply something like a conversion to belief in the principles for which the League professed to stand; and, apart from principles, a cogent ground for a change in the Soviet Government’s policy towards the immature and imperfect institution in which these principles were embodied can be found, at

<sup>1</sup> See the *Survey for 1927*, pp. 3–5, 320; the *Survey for 1928*, pp. 51–2.

<sup>2</sup> See the *Survey for 1931*, pp. 281, 292 *seqq.*

<sup>3</sup> See the *Survey for 1928*, pp. 53 *seqq.*; the *Survey for 1929*, Part I A, section (ii); the *Survey for 1930*, Part I, section (iv); the *Survey for 1932*, Part III, section (ii); the *Survey for 1933*, Part II, section (iii).

this time, in certain obvious considerations of *Realpolitik*. On the 10th January, 1920, the most dangerous adversaries of the Soviet Union were the Principal Allied Powers, who were also the moving spirits behind the organization at Geneva. On the other hand, in 1933 the most dangerous adversaries of the Soviet Union were neither France nor the United Kingdom but Japan and Germany; and when, on the 21st October, 1933, the German Government followed the example that had been set on the 27th March, 1933, by the Japanese Government, and gave notice of their intention to resign from their membership of the League, the situation of 1920 was reversed; for the Powers most hostile to the Soviet Union were now deliberately seceding from the League, while the Powers towards whom the Soviet Government were being drawn by a common fear of Germany were not only all of them League members but were also all convinced that the League was one of their most valuable bulwarks against the re-emerging menace of German aggression. Accordingly, it is not surprising to find that, in the course of the year 1933, the public references to the League, in the mouths of prominent Soviet statesmen, reveal a profound change of outlook.

For example, the conventional expressions of scepticism towards the League were repeated by Monsieur Molotov in a speech which he made in January 1933 to the Union Communist Party's Executive Committee;<sup>1</sup> but in a Presidential address which he delivered to the same committee on the 28th December of the same year the same statesman told his audience that 'it seems that the League is an embarrassment to the enemies of peace, as is shown by the exit of Germany and Japan'; and he added that, while the World knew that the Bolsheviks had 'no intrinsic respect for the League', at the same time they could not 'fail to appreciate its services . . . in so far as it' was 'a brake upon, or impediment to, war-danger'. In this latter declaration, Monsieur Molotov appears to have been echoing a statement which had been made by Monsieur Stalin to the Moscow correspondent of *The New York Times* on Christmas Day.

If the League [said Monsieur Stalin on that occasion] is only the tiniest bumper [*sic*]<sup>2</sup> somewhat to slow down the drive towards war and help peace, then we are not against the League. In that event I would not say that we would not support the League.<sup>3</sup>

The best evidence for the rapidity of this change in the Soviet Govern-

<sup>1</sup> See the *Bulletin of International News*, 27th September, 1934, p. 9.

<sup>2</sup> The simile seems to have been taken from the structure of a motor-car.—A.J.T.

<sup>3</sup> Text as given in *The Manchester Guardian*, 13th January, 1934.

ment's policy comes from the mouth of Monsieur Litvinov. As late as the 5th December, 1933, he said—in a public statement which he made in Rome after an interview with Signor Mussolini—that, while 'partisans of peace need have no anxiety about the attitude of the Soviet Government, there' was also 'no question of the U.S.S.R. joining the League under any contingency that' could 'be foreseen'.<sup>1</sup> On the other hand, in a public speech which he delivered in Moscow on the 29th December, 1933, the same Monsieur Litvinov said that it might be assumed that, in the League of Nations, the tendency which was interested in preserving peace would prevail; that the Soviet Union had never objected, and did not now object, to organized international co-operation which aimed at strengthening peace; and that, 'not being doctrinaires', they did not refuse to make use of existing or future international combinations and organizations, provided that, now and in the future, they had reason to believe that these would serve the cause of peace.<sup>2</sup> These second thoughts of MM. Litvinov, Molotov and Stalin reappeared in a speech which was made in Brussels, on the 16th February, 1934, by Monsieur Rosenberg, the Soviet Counsellor of Embassy in Paris, at a meeting of the Congress of the League for the Defence of Peace.<sup>3</sup>

It will be seen that the Soviet Government had already come to look with favour upon the idea of entering the League, before a positive proposal in this sense arose out of the meeting between Monsieur Litvinov and Monsieur Barthou on the 18th May, 1934. It remained to be seen whether the French desire to have the League reinforced by the inclusion of the Soviet Union would receive a sufficient measure of support from other League members to enable the Soviet Government to apply for membership without serious risk of a rebuff which would defeat the Soviet Government's purpose by diminishing, instead of increasing, the prestige as well as the security of the U.S.S.R.

The first encouraging gesture was a statement, welcoming the prospect of the Soviet Union's entry into the League, which was made on the 24th May, 1934, by the Spanish Government. The next gesture came from the side of the Little Entente, whose states members had been as much alarmed as France and the Soviet Union themselves by the trend of German—and Polish—policy since the accession of Herr Hitler to power. As the result of negotiations at Geneva between the Permanent Council of the Little Entente and

<sup>1</sup> *The Manchester Guardian*, 6th December, 1933.

<sup>2</sup> *Bulletin of International News*, loc. cit.

<sup>3</sup> A quotation from this speech will be found in *op. cit.*, pp. 10-11.

Monsieur Litvinov, the Soviet Government received official recognition from the Czechoslovak and Rumanian Governments on the 9th June, 1934<sup>1</sup>—and this recognition was given with the approval of the Yugoslav Government, who were only prevented from recognizing the Soviet Government for their own part by the personal repugnance of King Alexander, who had been brought up at the Imperial Russian Court.<sup>2</sup>

The next move was made by the British Government. After having received a visit from Monsieur Barthou in London at the beginning of July and learnt from him the French Government's ideas with regard to both the Eastern Pact and the entry of Russia into the League, Sir John Simon declared, on the 13th July, 1934, in the House of Commons at Westminster, that, in the British Government's opinion, the entry of the Soviet Union into the League was an essential part of the scheme for European security which included the project for an Eastern Pact, and that an application for membership on the Soviet Government's part would be welcomed and supported by the United Kingdom.

At the end of August 1934, it was allowed to be known that the British, French and Italian Governments were inquiring, through their diplomatic representatives abroad, about the attitude of a number of states members of the League on the question of the Soviet Union's admission to membership. And by the beginning of September the conditions under which the transaction would take place—if it did take place—had become clear. The Soviet Government would not ask for any peculiar status for themselves, or for any special modifications in the League's constitution or procedure. At the same time, it would be taken for granted in this case, as in that of Germany,<sup>3</sup> that the admission to membership would be accompanied by the award of one of those permanent seats on the Council which had been created, when the constitution of the League was

<sup>1</sup> See *Le Temps*, 11th June, 1934, for the texts of the seven relevant documents: a decision by the Council of the Little Entente; two identic pairs of notes exchanged by Monsieur Litvinov with Monsieur Benes and Monsieur Titulescu respectively; and one additional pair of identic notes exchanged between Monsieur Litvinov and Monsieur Titulescu only. In this latter pair of notes, the Rumanian and Soviet Governments reciprocally undertook to respect each other's sovereignty; to abstain from all interference—direct or indirect—in each other's internal affairs, more especially from all agitation, propaganda, and every kind of intervention; and to refrain from harbouring, on their own respective territories, any organizations inimical to the other contracting party.

<sup>2</sup> While Yugoslavia thus still held back, Bulgaria recognized the Soviet Government on the 23rd July, 1934.

<sup>3</sup> See the *Survey for 1926*, pp. 41, 43.

first framed, for members who were Great Powers.<sup>1</sup> Moreover, in one important respect, the admission of the Soviet Union would be arranged on less onerous terms than those which had been exacted from Germany. In the procedure for the admission of Germany, the formal initiative had been taken by Germany herself (as was the regular practice when the candidate for admission was either an 'ex-enemy' state or else a newly created state like the Irish Free State or the Baltic States or Finland or Albania or 'Trāq')<sup>2</sup>; and in that instance (again, according to practice) the candidate's application for admission had been examined by the Assembly in order to ascertain whether the candidate was duly qualified for membership.<sup>3</sup> Since then, however, the privilege of acquiring membership without being subjected to scrutiny, which had been enjoyed by the original members, had been extended to late-comers by the device of inviting the candidate to join, instead of leaving it for the candidate himself to file an application. This initiation of the procedure by an act of invitation was taken to imply that the existing members, from whom the invitation came, were already satisfied that the necessary qualifications were possessed by the state to which the invitation was tendered—with the inference that an act of invitation rendered an act of scrutiny superfluous. This procedure of admission by invitation had been first introduced in 1931 to meet the case of Mexico; and it was now understood that the same procedure would be employed for the admission of the Soviet Union.

<sup>1</sup> Article 4 of the Covenant assigned permanent seats on the Council forthwith to the Principal Allied and Associated Powers (i.e., the U.S.A., the British Empire, France, Italy and Japan); and it went on to provide that, 'with the approval of the majority of the Assembly, the Council may name additional members of the League, whose representatives shall always be members of the Council'. The purpose of this latter provision was to hold permanent seats on the Council at the disposal of Germany and Russia, if and when these two other Great Powers were admitted to membership of the League. For the early history of the composition of the Council, see the *Survey for 1926*, pp. 9-16.

<sup>2</sup> For the admission of these states to membership see *The History of the Peace Conference of Paris*, vol. iv, pp. 346-7; vol. v, pp. 292, 301, 309; *The Conduct of British Empire Foreign Relations Since the Peace Settlement*, pp. 52, 53-4; and the present volume, pp. 198-211, above. The procedure of examining the candidate's qualifications was also applied in 1923 to Abyssinia (the *Survey for 1920-23*, pp. 394-6), though Abyssinia was neither 'newly created' nor 'ex-enemy'. On the other hand, when the Afghan Government applied for admission by telegram towards the close of the Fifteenth Session of the Assembly, Afghanistan was admitted with a precipitancy that matched the off-handedness of her own method of approach (see the present volume, p. 220). It will be seen that there was a certain element of capriciousness in the League's practice; for if the reason for the scrutiny of Abyssinia was a misgiving in regard to her level of civilization, the same misgiving might well have been felt in the case of Afghanistan.

<sup>3</sup> See the *Survey for 1926*, pp. 40-41.



This point of procedure was of considerable importance for a Great Power whose internal constitution had excited such violent feelings in the World outside its frontiers that it would have reason to fear the infliction of slights, and even, perhaps, of a rebuff, if it were to expose itself to a scrutiny on the part of an Assembly of states which were themselves mostly of a Capitalist complexion. Moreover, quite apart from the question of Communism, the Soviet Union might have been requested, as the result of a scrutiny, to give international undertakings in regard to the future treatment of racial, linguistic and national minorities within its borders. This had, in fact, been the principal matter in which the League had imposed conditions upon applicants for admission (e.g., upon the Baltic States, Finland, Albania and, most recently, 'Irāq').<sup>1</sup> In the case of Germany, this question had not arisen, because the Reich had been so effectively stripped of its pre-war dominion over non-German populations that it had not even been thought worth while to include any provisions for the protection of the residual minorities in Germany in the Versailles Peace Treaty. On this account, the admission of Germany had established no precedent as to how the minorities question was to be dealt with by the League when the candidate for admission possessed the status of a Great Power. It was, however, tacitly regarded as being beneath the dignity of a Great Power to give international undertakings in regard to the alien minorities under its rule;<sup>2</sup> and, for the Soviet Government, this would have been something more than an abstract question of prestige. For although, on the whole, the policy of the Bolsheviks towards racial and linguistic minorities was conspicuously liberal,<sup>3</sup> their policy towards social and religious minorities was almost without a parallel in its intolerance; and there were even some national minorities in the

<sup>1</sup> See *The History of the Peace Conference of Paris*, vol. vi, p. 572, and the present volume, pp. 198 *seqq.*, 205-6, 207, *seqq.* above.

<sup>2</sup> This misguided idea had been given currency by the Italian Government, who had vehemently resisted the suggestion that Italy should give guarantees in regard to the treatment of the German and Yugoslav minorities that were brought under Italian rule in the Peace Settlement. The nominal ground of Italy's refusal was that, in the case of so highly civilized a Power as she was, such guarantees were unnecessary (see the *History of the Peace Conference*, vol. iv, p. 284). This plea, however, was very soon invalidated by the Italian Government's own conduct, and the true ground of the Italian objection, which was the punctilio of prestige, was apparent all along. The line taken by the Italian Government no doubt had much to do with the reaction of the Polish and Rumanian Governments towards the minorities protection treaties which these 'successor-states' could not, and did not, refuse to sign, but which they always resented as badges of an inferior international status.

<sup>3</sup> See the present chapter, pp. 359-60, above.

Soviet Union (e.g., the Georgians, and perhaps the Ukrainians and White Russians as well) which were eager to win their independence at the first opportunity.

The proposed procedure of admission by invitation was thus agreeable to the Soviet Government; and it was accepted, without any heart-searchings, by the three West-European Great Powers which were taking the lead in bringing the Soviet Union into the Genevan fold; for, beneath the red shirt, the Western Powers recognized a creature of their own species, and they took it as a matter of course that every palpable Great Power should enjoy the traditional privileges of the Strong Man Armed. On the other hand, a number of states members of the League which were of medium or minor calibre objected to the admission of the Soviet Union—or, at any rate, to its unconditional admission—for various reasons. Poland was moved, as she had been moved on the occasion of Germany's admission,<sup>1</sup> in part by jealousy over the award of a permanent seat on the Council to a formidable and potentially hostile neighbour, when a 'semi-permanent' seat was the most that Poland could secure for herself, and in part by a fear that the Soviet Government, once in the League, would be able to bring pressure to bear upon Poland by exposing her failure to live up to the terms of her minorities protection treaty with the Principal Allied Powers, while Poland would have no legal *locus standi* for denouncing the Soviet Union's oppression of minorities on her side of the frontier whom she had never promised to treat well. Among the other states which were opposed to the Soviet Union's being admitted, the Irish Free State (and apparently likewise Portugal) was moved mainly by an abhorrence of the Soviet Government's persecution of Christianity, while Switzerland was moved mainly by a disapproval of the Soviet Government's repudiation of democracy.<sup>2</sup>

The Polish Government took action which was apparently suggested by Poland's own experience in the recent past. On the occasion of Germany's admission, Poland had ultimately failed in her attempt to force upon the League the alternative of either granting Poland a permanent seat or refusing one to Germany; and on the present occasion she refrained from pursuing the same tactics in regard to Russia. She did not oppose either the admission of the Soviet

<sup>1</sup> See the *Survey for 1926*, Part I A, section (i).

<sup>2</sup> For the quarrel between Switzerland and the Soviet Union which had arisen over the assassination of the Soviet diplomatic representative, Monsieur Vorovski, on Swiss soil, on the 10th May, 1923, by a White Russian *émigré*, see the *Survey for 1924*, pp. 258-9, and the *Survey for 1927*, pp. 318-21. In this affair, it would appear to an impartial observer that the Soviet Government, and not the Swiss Government, was the aggrieved party.

Union to membership of the League or her investment with a permanent seat on the Council. On the other hand, in the Vilna affair Poland had ultimately 'got away with' a lawless *fait accompli*; and the recent successes of Germany had shown that the method of high-handed unilateral action might be applied to the repudiation of treaties as well as to the seizure of territory. The Polish Government now proceeded to act upon these later precedents in the steps which they took to secure that the admission of the Soviet Union to membership of the League should bring no fresh embarrassments to Poland in the matter of her treatment of minorities. The Soviet Government appear to have done their best to disarm Poland's opposition, on this score, to their candidature, by conveying to the Polish Government, before the decisive meeting of the League Council and Assembly in September 1934, an assurance that, in accordance with the terms of the Russo-Polish peace treaty of the 18th March, 1921,<sup>1</sup> they would abstain from ever raising any question in regard to the minorities in Poland on the League Council. The Polish Government, however, seem to have made up their mind to settle the question of the Polish minorities protection treaty now once for all; and at a meeting of the Fifteenth Assembly at Geneva on the 13th September, 1934, on the eve of the Soviet Union's admission to membership, the following declaration was made by the Polish representative, Colonel Beck:

Pending the introduction of a general and uniform system for the protection of minorities, my Government is compelled to refuse, as from to-day, all co-operation with the international organizations in the matter of the supervision of the application by Poland of the system of minority protection. I need hardly say that this decision of the Polish Government is in no sense directed against the interests of the minorities. Those interests are, and will remain, protected by the fundamental laws of Poland, which secure to minorities of language, race, and religion free development and equality of treatment.

In the course of his statement, Colonel Beck defended this apparent declaration of intention to repudiate the Polish protection of minorities treaty of the 28th June, 1919, on the same ground on which the German Government afterwards took their stand when they repudiated the disarmament chapter of the Versailles Treaty on the 16th March, 1935. Colonel Beck's contention was, in effect, that the other contracting parties—who, in this case too, were the Principal Allied Powers—had already invalidated the treaty morally by the capricious inconsistency of their policy in the matter of imposing corresponding obligations upon other 'successor-states' and, even more, by their

<sup>1</sup> Text in *League of Nations Treaty Series*, vol. 6, pp. 51-169.

refusal to contemplate the extension of such obligations to all states, including themselves. Colonel Beck pointed out that the idea of making the minorities protection obligations apply to all states members of the League had been mooted as early as 1922, at the Third Assembly,<sup>1</sup> and that, since then, the Polish Government had repeatedly pressed for action in this sense—particularly at the Eleventh Assembly and at the Fourteenth. On the latter occasion, only twelve months back, the Polish delegation had made a formal motion in the Sixth Committee of the Assembly, and this motion had been rejected, though, in the Polish Government's opinion, without serious cause having been shown for perpetuating the differential treatment of states members in this matter.

On the 14th September, Colonel Beck's challenge was taken up in the Assembly by Sir John Simon with the support of Monsieur Barthou and Baron Aloisi, who represented the other two of Poland's three co-signatories of the treaty of the 28th June, 1919. All three statesmen put on record their respective Governments' refusal to admit that treaties could be abrogated by unilateral action; all of them took care to avoid suggesting that a unilateral abrogation of the treaty of the 28th June, 1919, was actually in Colonel Beck's mind; the British and Italian representatives each threw out a hint that this particular treaty might perhaps be modified, by agreement, in the direction that the Poles desired; not one of the three speakers suggested that his own country might make a move towards meeting Colonel Beck—whose ground, *vis-à-vis* the Principal Allied Powers,<sup>2</sup>

<sup>1</sup> See the *Survey for 1920-23*, pp. 218-20.

<sup>2</sup> *Vis-à-vis* the subject minorities themselves, the Polish Government's ground was, of course, still weaker morally than it was legally, for, towards this non-Polish third of the population of *Polonia Rediviva*, the Polish Government, representing the Polish majority in the country, had been playing the odious part of the Unmerciful Servant. The Principal Allied Powers, who were responsible for the reappearance of Poland on the political map of Europe within its post-war frontiers, were undeniably under a moral obligation to see to the welfare of the non-Polish minorities whose political subjection was part of the price of the Polish people's political re-enfranchisement. But they had no reply to make to Colonel Beck when he indicted them for their own unwillingness to take upon themselves the same servitude, in restriction of their own sovereignty, that they had compelled Poland to take upon herself, in restriction of her sovereignty, when they had forced her to sign the treaty of the 28th June, 1919. Yet there can be no doubt that the one really effective way of securing the protection of the alien minorities in Poland *en permanence* was to win the good will of the Polish majority and the Polish Government for a treaty obligation which the Poles had originally accepted under duress; and it is certain that the sole hope of producing this change of mind and heart among the Poles lay in doing what the Poles themselves had so often urged: that is to say, in extending the same obligations to all states by a voluntary act of international uniformity.

was as strong morally as it was legally weak—by taking the obligations of the minorities protection treaties upon themselves. After this demonstration had been made by the representatives of the Western Powers in the Assembly, Colonel Beck took pains to let it be known that the Polish Government did not intend to avail themselves of the golden bridge which the West-European statesmen had joined hands in building for a formal Polish retreat. He underlined his declaration that Poland's implementation of the treaty of the 28th June, 1919, would cease forthwith; and in Poland itself the declaration was ostentatiously hailed as another milestone on the road of Poland's liberation.

Colonel Beck's repetition of the Polish proposal that the obligations of the post-war minorities protection treaties should be made universal was duly referred by the Assembly to its Sixth Committee; and the debate on the proposal, in that Committee, on the 21st September, 1934, went off according to expectation. The Polish spokesman, Count Raczynski, did not press a motion which he knew that he had no prospect of carrying, and which his Government had only made for the purpose of expounding the moral justification which Poland believed herself to have for a formal breach of international faith which she was resolved to perpetrate. The principal speaker on the other side was once more the British representative, who, on this occasion, was Mr. Eden. His contention was that the post-war minorities protection treaties had been designed to meet a need which was local and temporary, not universal or permanent; and he suggested—more bluntly than Sir John Simon had hinted the same thing six days before—that the way out of the difficulty lay in watering the wine of the existing minorities protection treaties and not in asking the other states of the World to drink of the cup which they had forced to Poland's lips some fifteen years before.

Thus, as an incidental accompaniment of the Soviet Union's admission to membership of the League, the unhappy subject minorities in Poland were deprived—by what almost amounted to an open conspiracy at Geneva—of that measure of protection which the treaty of the 28th June, 1919, had hitherto afforded to them. And this vicarious sacrifice of an innocent population of some ten millions of souls was duly effective in clearing the path for Russia's official re-entry into the comity of nations, since Poland was the only state member of the League from whom any formidable opposition was to be expected.<sup>1</sup>

<sup>1</sup> The three West-European Great Powers were favourable *ex hypothesi*, since they were serving as the Union's sponsors. Germany and Japan, who both wished the Soviet Union ill, did not have to be taken into account, since,

The first move made in the procedure for the Soviet Union's admission had been the holding of a secret meeting of the Council, on the 10th September, 1934, to discover whether the necessary support could be found for assuring the Soviet Union of a permanent seat on the Council in the event of its being admitted to membership of the League. The necessary unanimity was secured, with two abstentions among thirteen states represented.<sup>1</sup>

When this question of a permanent seat on the Council—which was raised by the fact of the Soviet Union's being a Great Power—had thus been disposed of satisfactorily, it might have been supposed that the admission of the Soviet Union to membership of the League by invitation could have been effected by the procedure which had been followed in the cases of Mexico and Turkey. In each of those two cases, a motion for the admission of the candidate had simply been made in the Assembly and carried. In both cases, however, the vote in favour of the motion had been unanimous, and this unanimity had been a foregone conclusion. On the other hand, the candidature of the Soviet Union was known to have evoked an opposition which might possibly take the form, not merely of abstentions from voting, but of adverse votes; and, in the opinion of the lawyers, the unanimity which had actually been secured for the admission of Mexico and Turkey was also a necessary condition if admission were sought according to this procedure.

A different procedure was contemplated in Article I of the Covenant, where it was laid down that:

Any fully self-governing State, Dominion or Colony not named in the Annex may become a Member of the League if its admission is agreed to by two-thirds of the Assembly, provided that it shall give effective guarantees of its sincere intention to observe its international obligations, and shall accept such regulations as may be prescribed by the League in regard to its military, naval and air forces and armaments.

In this text of the Covenant, a candidate for admission was offered though they were both still members of the League at this time, they were both now assiduously pursuing a policy of non-co-operation, pending the coming into effect of the notices of intention to withdraw which they had both already filed. As for the small states—an Argentina, Irish Free State, Panamá, Portugal and Switzerland—their opposition could safely be ignored.

<sup>1</sup> Of the fifteen members of the Council, Germany and Japan were not represented. The other members at the moment—apart from France, Italy and the United Kingdom with their permanent seats, and Poland and Spain with their 'semi-permanent' seats—were Argentina, Australia, China, Czechoslovakia, Denmark, Mexico, Panamá, Portugal. The two dissentients on the 10th September, 1934, were Portugal and Argentina. Argentina objected on principle to the existence of permanent seats on the Council. It is to be noted that Poland did not abstain, but cast her vote in favour of giving the Soviet Union a permanent seat.

the privilege of being admitted by a two-thirds majority—a privilege of which the Soviet Union needed to take advantage, in view of the possibility of adverse votes being cast—but this was made conditional upon the candidate's applying for admission, and giving the stipulated guarantees to the Assembly's satisfaction, in accordance with the procedure which had been followed in the cases of Germany and 'Irāq. The problem which the Soviet Union's sponsors had to solve was how to secure for their candidate the privilege of being admitted by a two-thirds majority, like Germany or 'Irāq, instead of by a unanimous vote, without forfeiting the other privilege, which had been enjoyed by Mexico and Turkey as the reward of a unanimous vote, of being admitted without condition or scrutiny. A procedure which would enable a candidate to benefit by both privileges at once was devised by the lawyers' ingenuity.

The solution was that a number of states members of the League commanding, between them, more than two-thirds of the votes in the Assembly, should address a private letter to the Soviet Government, inviting it to become a member. If the Soviet Government accepted this preliminary private invitation, then, in the opinion of the lawyers, it could be admitted to membership by a two-thirds majority vote of the Assembly without more ado.

A draft for the private letter was worked out by the members of the Council on the 11th September; thirty signatures were collected by the French delegation; the text was despatched to Monsieur Litvinov on the 12th; by the 14th, the letter of invitation had been approved by Monsieur Litvinov, and the draft for Monsieur Litvinov's reply by the signatories of the letter of invitation; and on the 15th the two letters were duly exchanged.<sup>1</sup> On the same day, the four Scandinavian countries informed the Soviet Government of their intention to vote in the Soviet Union's favour in the Assembly.<sup>2</sup> These proceedings went forward in spite of a public protest against this method of procedure which was made in the Assembly, on the 12th, by Mr. de Valera.<sup>3</sup>

In the first draft, the letter of invitation had followed the text of the Covenant in declaring that the signatories were convinced of the

<sup>1</sup> Texts in *Documents on International Affairs, 1934*, pp. 99, 100.

<sup>2</sup> Text of letter from the Swedish delegate, announcing this to the Council, in *Documents on International Affairs, 1934*, p. 99.

<sup>3</sup> The representative of the Irish Free State took this opportunity to express his hope that the Soviet Government, upon admission to membership of the League, would extend to the nationals of all countries the religious liberties which they had already guaranteed, as one of the conditions of securing the United States Government's recognition, to citizens of the United States when resident in the Soviet Union (see the *Survey for 1933*, pp. 537-8).

Soviet Government's intention to observe their international obligations ; but this pious expression of opinion was omitted at the instance of Sir John Simon, and in the final draft the letter simply invited the Soviet Union to join the League of Nations, and give the League its valuable co-operation, in view of the fact that 'the mission of maintaining and organizing peace, which is the fundamental task of the League of Nations, demands the co-operation of all the countries of the World.' In his reply, Monsieur Litvinov included an undertaking—which was thus, at least nominally, unsolicited—'to observe all the international obligations and decisions binding upon members in conformity with Article 1 of the Covenant.'

This pair of letters was communicated to the Council on the 15th September—the actual date of their exchange—and the Council now formally resolved by a unanimous vote (this time, with three abstentions)<sup>1</sup> to award the Soviet Union a permanent seat on the Council as soon as its admission to membership of the League had been agreed to by the Assembly, and at the same time to invite the Assembly to approve this decision. On the 17th, both this Council resolution and the pair of letters came before the Assembly ; and the Assembly referred the pair of letters to its Sixth Committee. The sponsors of the Soviet Government had hoped that in this case, as in those of Mexico and Turkey, the Assembly might be willing to dispense with this stage of its customary procedure. To this, however, the opponents of the Soviet Union's admission were unwilling to agree ; and the meeting of the Sixth Committee on the 17th September provided the occasion for a long and interesting debate. The principal speech was delivered by Monsieur Motta (Switzerland), who drew attention to the decidedness, and the strength, of the Swiss feeling on the subject ; opposed the admission of the Soviet Union on religious as well as political grounds ; and informed his colleagues that the Swiss Federal Council could not bring themselves to sacrifice to the principle of universality the idea of a necessary minimum of moral and political conformity between states.<sup>2</sup> A resolution recommending the Assembly to admit the Soviet Union was eventually passed by the Sixth Committee by thirty-eight votes to three, with seven abstentions.<sup>3</sup> This

<sup>1</sup> On this occasion, Panamá abstained from voting, as well as Argentina and Portugal.

<sup>2</sup> The decision that the Swiss delegation at the League Assembly was to vote against the admission of the Soviet Union had been taken by the Swiss Federal Council on the 4th September, 1934.

<sup>3</sup> The three states that voted against the resolution were Switzerland, Portugal and the Netherlands ; the seven that abstained from voting were Argentina, Belgium, Cuba, Luxembourg, Panamá, Peru and Venezuela.



resolution came before the Assembly itself on the 18th; and on this occasion Monsieur Motta briefly re-affirmed the Swiss standpoint and was eloquently supported by Mr. de Valera, who pleaded once more for an extension—this time, to all citizens of the Soviet Union, as well as to all foreign residents in its territory—of those guarantees of religious toleration which the Soviet Government had already granted to residents of American nationality.

It is not sufficient [Mr. de Valera urged] to say that we are here concerned merely with politics. No politics that is in any sense real can exclude considerations of the purpose of human life and the end which Man's existence is designed to serve.

In the Assembly, there were the same three contrary votes, and the same seven abstentions, as in the Sixth Committee the day before, while there were thirty-nine favourable votes on this occasion. The Soviet Union was thus duly admitted to membership of the League by eleven votes more than the necessary two-thirds majority of twenty-eight out of the forty-two votes that had to be taken into account. After this, the Council's resolution to award the Soviet Union a permanent seat was approved by the Assembly unanimously by forty votes, with ten abstentions.

Thereupon, the President of the Assembly, Monsieur Sandler (Sweden), invited the Soviet delegates to take their seats and underlined, in welcoming them, the principle on which the Soviet Union's admission to membership was founded.

The presence of the Soviet delegation among us appears to me a happy sign, and evidence that the tendency of the organisation of states towards universality—that universality which an institution calling itself the League of Nations can never renounce—is not a mere aspiration beyond human strength, but is founded on reality—a reality that asserts itself despite differences of race, of language, of religion and of political system.

In his reply, Monsieur Litvinov gave an interesting review of the past relations between the Union and the states members of the League as seen through Bolshevik eyes. 'The appearance in the historical arena of a new form of state has always', he observed, 'been met with hostility on the part of old state formations.' He went on to say that—

The Soviet State has . . . never excluded the possibility of some form or other of association with states having a different political and social system, so long as there is no mutual hostility and if it is for the attainment of common aims. For such an association it considers that the essential conditions would be, firstly, the extension to every state belonging to such an association of the liberty to preserve what I might call

its state personality and the social economic system chosen by it—in other words, reciprocal non-interference in the domestic affairs of the states therein associated; and, secondly, the existence of common aims . . .

It needed . . . one great dominating common aim to prove incontestably to all nations, including those of the Soviet Union, the desirability—nay, the necessity—for closer co-operation between the Soviet Union and the League of Nations, and even for the entry of the Soviet Union into the League. The discovery of such a common aim has been greatly facilitated by the events of the last two or three years.

Monsieur Litvinov defined this common aim as the organization of peace; and he ended his speech on a note of warning. At the time of speaking—in contrast to the international situation of twelve or fifteen years before—‘the organization of peace, for which so far very little’ had ‘been done, must be set against the extremely active organization of war’, which ‘must appear to all as the threatening danger of to-morrow’.

In thus expounding the considerations which had moved the Soviet Government to seek association with a majority of the Capitalist states of the World by joining the League of Nations, Monsieur Litvinov was certainly speaking his own mind sincerely and telling his new associates the truth. The Soviet Government had been moved to participate in the collective system of international order because they believed that the national security of the Soviet Union was now gravely imperilled by the ambitions and appetites of aggressive neighbours; that a participation in the collective system was the most effective way of parrying this danger; and that, in the policy of the Union Communist Party, the salvation of the U.S.S.R. ought to take precedence over the promotion of the World-Revolution. Having come to these three conclusions, the statesmen at Moscow had had the wit to discern, and the courage to take, the action that was indicated by *raison d'état*. They had joined the League of Nations; and in so doing they had shown that they were neither the slaves of resentment (like the Germans) nor the slaves of prejudice (like the Americans). So much even their most implacable enemies were bound to concede; but, beyond that, this momentous transaction might still appear in very different lights from different angles of vision.

A cynic, who had marked the language used by French and Russian statesmen after the conclusion of the Franco-Russian non-aggression treaty of the 29th November, 1932, might be inclined to write off the Soviet Union's entry into the League as a mere accessory to a renewal of the pre-war Franco-Russian alliance in face of a Germany who was now fast recovering her pre-war strength. An ironic

observer would smile to see the Pharisees of Moscow revealing themselves, under the test of danger, to be not so unlike other men after all. A believer in the possibility of the redemption of Mankind might agree with the sceptical spectators that the Soviet Government were following, under *force majeure*, a course into which they had neither desired nor expected to find themselves driven; yet, at the same time, he might interpret this striking operation of Historical Necessity in a different sense: in the Soviet Government's entry into the League, he might see, not an illustration of human helplessness or incorrigibility, but rather a proof that even the stiff-necked apostles of violence and strife could not repudiate for long the contrary principles of co-operation and the rule of law. Might not the event of the 18th September, 1934, turn out to be an important step forward in the slow and arduous task of redeeming human life on Earth in one of its most benighted spheres: that is, in the field of international relations between sovereign states? This was the great question which the Soviet Government's entry into the League propounded. In answer, Mr. de Valera would object that the admission of a candidate which refused to forbear from its ruthless war against Christianity could not be blessed, while Monsieur Sandler might pray, in the terms of an ancient pagan religious formula, *ut bonum, felix faustumque esset*. The future would judge between the Swedish delegate's prayer and the Irish delegate's foreboding.

### (ii) The Baltic Pact.

ON the 'post-war' political map of Europe the three Baltic states—Estonia, Latvia and Lithuania—stood in a class by themselves as the weakest representatives of the sovereign independent species of polity with the sole exception of Albania.<sup>1</sup> They were conspicuously weak in 'man-power'; for in 1934 their combined populations amounted to less than the population of Bulgaria, which, next to

<sup>1</sup> Luxembourg could not be brought into the comparison, since she had never exercised a sovereign independence on the economic plane. Before the General War of 1914-18 she had been included in the German Zollverein, and in the subsequent Peace Settlement she had entered into an economic union with Belgium (see the *Survey for 1920-3*, pp. 68-71). As an industrialized country, Luxembourg manifestly gained greatly in strength through thus forgoing the luxury of economic independence. With her highly industrialized economic life, highly civilized cultural life, and dense population (301,000 in 1932) giving a density of 116 per square kilometre, Luxembourg was a more important factor in the life of Europe than either Albania, Lithuania, Estonia or Latvia. Iceland, again, could not be brought into the comparison, since, in asserting her claim to political self-government against Denmark, she had not insisted upon having a separate crown and so had not crossed the line which divided 'Dominion Status' from absolute separation.

Albania, was the least populous state of South-Eastern Europe.<sup>1</sup> Even Lithuania, which had the largest population of the three, was rather less populous than either Norway or the Irish Free State;<sup>2</sup> and Lithuania's relative strength in numbers, as compared with her two northern neighbours, was more than offset by her backwardness in culture and by her unfortunate political relations with both Poland and Germany. Lithuania's chief asset, as an aspirant after permanent sovereign independence, was her relative capacity—with her purely agricultural economy and her fertile soil—for practising economic *autarkeia*. Economically, Latvia and Estonia, in contrast to Lithuania, were at a disadvantage, in attempting to play the part of sovereign independent states on the 'post-war' map, on account of the legacy which they had inherited from the specially advantageous economic position which they had enjoyed in the 'pre-war' age when they were integral parts of the then existing Russian Empire. Riga, Reval and Libau had then shared with St. Petersburg the profits of serving as the European ports of a gigantic economic unit which extended across the Eurasian Continent from the Baltic to the Pacific without a single customs barrier in the way. Riga, in particular, had been enabled, through discharging her primary function as a port, to develop the secondary but scarcely less profitable function of becoming the seat of an important industrial activity which enjoyed a virtual monopoly of the Russian market for certain manufactures in which the raw materials (e.g. rubber) could not be produced inside the Russian Empire and therefore had to be imported. In gaining their political sovereign independence, Latvia and Estonia had lost their Russian hinterland and their Russian market; and the empty docks, idle factories, and unemployed workers of Riga were an incubus which weighed almost as heavily upon the 'post-war' Republic of Latvia as the corresponding legacy of Vienna weighed upon the 'post-war' Republic of Austria.<sup>3</sup>

The facts already mentioned will have made it clear that, while all three Baltic states were weak, their respective weaknesses were not

<sup>1</sup> According to estimates made in December 1932, Estonia had 1,124,000 inhabitants, Latvia 1,931,000 and Lithuania 2,422,000. The population of all three countries thus amounted to 5,477,000, while Bulgaria had 5,950,000 inhabitants and Albania 1,050,000 (League of Nations: *Statistical Year Book*, 1933-4).

<sup>2</sup> In December 1932 Norway was estimated to have 2,845,000 inhabitants and the Irish Free State 2,983,000 (League of Nations: *op. cit.*).

<sup>3</sup> In 1930, 19.9 per cent. of the total population of Latvia was to be found in the city of Riga (377,917 out of 1,900,045 in absolute numbers). According to a census taken in 1934, 27.7 per cent. of the total population of Austria was to be found in the city of Vienna (1,874,581 out of 6,759,062 in absolute numbers).

identical: and this diversity between them went deep. Whereas Latvia and Estonia were saddled with a surplus industrial plant and population, Lithuania was a self-supporting agricultural country. Whereas Lithuania was backward in culture, Latvia and Estonia could bear comparison with the most highly cultivated countries in Europe. Lithuania was Catholic in religion; Latvia and Estonia were Protestant. Lithuania was perpetually at loggerheads with two out of her three neighbours—with Poland over Vilna and with Germany over Memel—while Latvia and Estonia had managed to establish good relations with all their neighbours, as well as with one another. It will be seen that in most respects Estonia and Latvia displayed a conformity with one another which was not shared by Lithuania. In the matter of language, however, which was politically important because it was the basis of 'post-war' Nationalism, Latvia was severed from Estonia and linked with Lithuania. The Estonian language was a Finnish dialect—closely akin to that which was current, on the other side of the Gulf of Finland, in the independent Republic of Finland and in the Soviet territory of Eastern Karelia—and the Ests were thus related linguistically to the Magyars in the Danube Basin and to the Voguls and Ostyaks in the Urals. On the other hand, the Letts shared with the Lithuanians the distinction of speaking a dialect of the most archaic extant language (not excepting Sanskrit) in the Satem-Group of the Indo-European family.

The survival of this antique language in the Balticum testified—like the survival of the aurochs in the adjoining White Russian district of Vilna—to the historical fact that, until recent times, this region had been an exceptionally secluded corner of the Eurasian Continent. In the medieval race between the Orthodox and the Western Christendom for the conversion of the North, this corner had been passed by, and it was only towards the end of the fourteenth century of the Christian Era that the Lithuanians had exchanged a primitive paganism for the Western form of Catholic Christianity. Since that time, however, the Balticum—unfortunately for its inhabitants—had seen its rôle reversed, and had become the highway and the battle-field for conflicting religions, cultures and Powers. It was the Lithuanians in alliance with the Poles who had brought to a halt the north-eastward advance of the Germans (led by the Knights of the militant Teutonic Order). Estonia and Latvia (together with the site of St. Petersburg) had been the battle-ground and prize of the twenty-years' war between Peter the Great and Sweden which had ended in a Byzantine Muscovy's becoming a Western Power with a Baltic sea-board. And Lithuania

had furnished the highway along which Napoleon had marched upon Russia when he crossed the River Niemen.

The Niemen was only another name for the Memel; and in 1934 the river rose in Soviet territory, flowed across Polish territory (in the Vilna Corridor), and divided Lithuania from the outlying East Prussian enclave of the German Reich before it debouched into the Baltic Sea at a place, named after the river, which was at this time German in population but Lithuanian in its enforced political allegiance. It is evident that, in 1934, the Balticum, so far from being a quiet and secluded spot, was a zone of conflict and tension; and, indeed, in that year the statesmen and publicists of Europe were speculating anxiously on the part which the Balticum might conceivably play in the plans of the Napoleon *in posse* who was then sitting in the seat of power in Berlin. Would Herr Hitler be captivated by this lure and be tempted to follow, one day, in Napoleon's trail? Or would he reflect that the crossing of the Niemen had had a very different sequel to the crossing of the Rubicon, and that the Emperor of the French had fared no better when he marched across the Balticum into Holy Russia than King Charles XII of Sweden had fared, a hundred years before, when he had marched across the Balticum into the Ukraine?

The fact that this question was being canvassed in 1934 showed how vastly the international situation in North-Eastern Europe had changed in the course of some sixteen years. On the morrow of the Armistice of 1918 the Latvians and Estonians had been preoccupied with a fear, not of the Germans, but of the Bolsheviks.<sup>1</sup> It was against Russian Communist armies that these two Baltic peoples fought, from 1918 to 1920, in order to wrest the prize of national independence out of a political chaos; and, even after their independence had been recognized by the Bolsheviks, and their frontiers with the Soviet

<sup>1</sup> The Germans had been required to withdraw all their forces in Eastern Europe to their own side of the pre-war frontiers of the Reich by the terms of the Armistice which had been granted to them on the 11th November, 1918, by the victorious Western Powers; and this stipulation had been duly carried out—though it is significant that the territory which was evacuated last (and then only after the application of strong pressure) was Courland (i.e. that portion of Latvia which lay south of the River Dvina). After the German regular forces had been duly withdrawn, Courland was occupied by a German 'free corps' under a self-appointed General Bermond, whose relations with Berlin resembled those that afterwards subsisted between General Zeligowski and Warsaw during Zeligowski's similar occupation of Vilna. Bermond's occupation of Courland lasted from September to November 1919 and was no doubt intended to result in the eventual annexation of Courland to Germany, as the Vilna Corridor actually was annexed to Poland owing to the initiative of General Zeligowski.

Union had been defined, in the Russo-Estonian Peace Treaty of the 2nd February and in the Russo-Latvian Peace Treaty of the 11th August, 1920, they still had a double reason for being afraid of Bolshevik aggression. As the natural heirs of the *ci-devant* Russian Empire, the Bolshevik founders of the Soviet Union could claim sovereignty over provinces which had been under Russian rule for two centuries with a better title than they could show for laying claim to either Bessarabia or Transcaucasia. And in the second place, apart from all question of territorial claims or ambitions, the Bolsheviks might covet the possession of the Balticum as a necessary highway for the propagation of their gospel of revolution in Europe in general and in Germany in particular.

In previous volumes of this series,<sup>1</sup> some account has been given of the alarums in Latvia and Estonia, during the 'post-war' years, for fear of a Bolshevik *Putsch*, and of the attempts at a *rapprochement* between these two Baltic states and Finland (on their left flank) and Poland (on their right flank) with a view to a joint defence against a common menace from the east. These attempts at building up a common front, to include all the European border-states of the Soviet Union, were, however, rather desultory and half-hearted; and, whether or not they might eventually have come to something if the Bolsheviks had continued to show their teeth, they died away when the Soviet Government themselves took the initiative in weaving a network of reassuring agreements between the Soviet Union and all her European and Middle Eastern *états limitrophes*.<sup>2</sup> Between 1929 and 1933 the Soviet Government succeeded in convincing all the border-states of their sincerity in their protestation that they cherished no territorial ambitions and that they were genuinely content with the frontiers which they had voluntarily accepted in the 'post-war' treaties that they had negotiated with Estonia on the 2nd February, 1920, Latvia on the 11th August, 1920, Poland on the 12th October, 1920, and Finland on the 14th October, 1920.<sup>3</sup> Thereafter, the next stage in the development of Bolshevik policy, which has been described in the preceding chapter,<sup>4</sup> exorcised the last fears that were entertained in the border-states of a possible danger from the Russian

<sup>1</sup> See the *Survey for 1920-3*, Part III, section (ii) (2) (d); the *Survey for 1924*, Part I C, section (ii) (c), and Part II B, section (ix); and the *Survey for 1925*, vol. ii, Part II C, section (iii).

<sup>2</sup> See the *Survey for 1927*, Part II D, sections (i) and (ii), and pp. 251-2; the *Survey for 1929*, Part I A, section (iv); the *Survey for 1933*, pp. 180-2, and the present volume, pp. 378-9, above.

<sup>3</sup> See the *Survey for 1920-3*, pp. 239-40, and *The History of the Peace Conference of Paris*, vol. vi, p. 322.

<sup>4</sup> Section B (1), pp. 380 *seqq.*, above.

side, by showing that the Soviet Government had now capped their renunciation of territorial ambitions by also abandoning their endeavours to hasten the advent of a World-Revolution. As Bolshevism underwent, under the eyes of its *états limitrophes*, this metamorphosis from being a militant world-movement into becoming the sovereign power in a limited, 'sated' and apprehensive member of the existing international comity of states, the northern and southern neighbours of Latvia and Estonia gravitated in different directions. Finland, relieved of all anxiety on her Russian frontier, sought and obtained admittance into the Scandinavian group of states and rejoiced in the illusion of insularity which Scandinavia shared with the British Isles. On the other side Poland, intoxicated with the consciousness of her own adolescent strength, aspired to play the part of a Great Power who would go her own way and would be beholden to nobody. For the time being, Latvia and Estonia were left by themselves face to face with the Soviet Union; but they were now no longer haunted by the fear of being re-annexed by their gigantic neighbour; for the Soviet Union was now undisguisedly on the defensive; and in a strategy of self-defence she stood to gain less by being mistress of the Balticum herself than by having Latvia and Estonia as neutral buffer-states—to serve the Soviet Union in a future war as the Netherlands had served Germany when she had been under blockade during the War of 1914–18.

This state of equilibrium in North-Eastern Europe was, however, transitory; for the very force which had brought it into being was bound, as it gathered strength, to break it down. This force was the resurgence of Germany as a military Power; for it was Germany's recuperation that had thrown the Soviet Union upon the defensive; and, as this recuperation proceeded, its effects began to show themselves in all countries within reach of Germany's arm—even in countries whose statesmen had not been so quick as the Bolsheviks to read the signs of the times.

The Governments of the Baltic states, for their part, had even stronger reasons than the Soviet Government had for taking alarm. In the first place, if conquests at the Soviet Union's expense were really Herr Hitler's objective, he would have to march through the Balticum in order to get at the Soviet Union if he proposed to leave Poland undisturbed (as appeared to be his intention, to judge by his policy of making friends with Marshal Pilsudski).<sup>1</sup> And in such an

<sup>1</sup> For this German-Polish *rapprochement* after Herr Hitler's advent to power at Berlin see the *Survey for 1933*, pp. 185–8, and the present volume, pp. 327–8, 341 *seqq.*, above.



event the rôle of the Baltic states in a future war would be, not that of the Netherlands in the War of 1914-18, but that of Belgium. In the second place, the Baltic states, unlike the Soviet Union, were entirely incapable of defending themselves against a German attack. In the third place, Germany was not without pretexts for attacking Latvia and Estonia on their own account; for each of these states contained an important German minority—a legacy from the activities of the Teutonic Knights and the Hanseatic merchants in the Middle Ages—and, while the alien minorities were better treated in Latvia and Estonia than they were in most of the 'post-war' East-European countries, there was a German landlord class in these two states which had suffered severely, like landlords elsewhere, from 'post-war' agrarian legislation. These *ci-devant* 'Baltic Barons' were blood-brothers of the 'Ost-Elbisch Junkers' in Prussia, who, under all 'post-war' régimes, had succeeded in retaining an inordinate influence over the policy of the German Reich; and in Herr Hitler's régime the Baltic *Deutschtum* was represented by Herr Rosenberg, who was the Führer's confidential adviser on foreign affairs. It was true that the Baltic Barons and the German bourgeoisie in Latvia and Estonia amounted, all told, to no more than a small fraction of the population,<sup>1</sup> so that Germany could not lay claim to the Balticum as a German *terra irredenta* on any grounds of national self-determination; but this weakness in the German claim could be made good by an historical argument, since the territories now occupied by Latvia and Estonia had once constituted, together with the two pre-war Prussian provinces of East and West Prussia, the medieval domain of the Teutonic Knights.

Thus Latvia and Estonia had good reasons for being alarmed at the resurgence of Germany under the National Socialist régime and at the rapid deterioration in the relations between 'the Third Reich' and the Soviet Union; but the first attempt to provide them with some security against this new danger was made, not on their own initiative, but on the Soviet Government's. Towards the end of December 1933 the Soviet Government and the Polish Government were reported to have made inquiries at Riga, Tallinn (Reval), Helsingfors and Kovno<sup>2</sup> as to whether Latvia, Estonia, Finland and

		<i>German Minority</i>	<i>Total Population</i>	<i>Percentage</i>
<sup>1</sup>	Estonia			
	(1934 census) .	16,534	1,126,413	1.4
	Latvia			
	(1934 estimate) .	69,855	1,939,350	3.6

<sup>2</sup> Presumably the inquiry at Kovno was made by the Soviet Government

Lithuania would be inclined to accept a joint Russo-Polish guarantee against the danger of aggression on the part of Germany. If these inquiries were actually made, the responses must have been discouraging, for the proposal was allowed to drop. It may also be conjectured that Poland's heart was not in this enterprise, since, at this very time, the Polish Government must have been making up their mind to conclude the Polish-German Pact which was eventually signed on the 26th January, 1934.

It was perhaps this latter event that aroused the Latvian and Estonian Governments to action; for on the 17th February, 1934, these two Governments signed an agreement which not only replaced, but went considerably beyond, the previous treaty of defensive alliance which was due to expire on the 21st of the month.<sup>1</sup> The new instrument was modelled on the Balkan Pact, which had been signed on the 9th of the same month,<sup>2</sup> and on the Little Entente 'pact of organization' which had been signed on the 16th February, 1933.<sup>3</sup> It was now provided not only that the two countries should act together at international conferences and be represented by a common delegation, but also that the conferences between the two Governments, which had hitherto taken place occasionally, should be held henceforward at regular intervals, and that a permanent joint council should be set up to co-ordinate their legislation and, if necessary, their political and economic action.

The next move was made by the Soviet Government, who had not reconciled themselves to the failure of their *démarche* at the close of the preceding calendar year. Apparently the Soviet Government had received the impression that the reluctance of Finland and the three Baltic states to take up the proposal of December 1933 had been mainly due to the fact that Germany was not then included among the proposed guarantors; and indeed the acceptance of a Russo-Polish guarantee, directed against Germany, might well have no other effect than to involve the ostensibly guaranteed states in belligerency

alone, since the Lithuanian Government were still not on speaking terms with the Polish Government (on the 5th July, 1933, for instance, Lithuania had concluded a separate convention with the U.S.S.R. on the definition of the aggressor instead of entering into the multilateral convention, signed on the 3rd July, to which Poland was a party (see the *Survey for 1933*, p. 182)).

<sup>1</sup> For the terms of this previous Latvian-Estonian treaty, which had been signed on the 1st November, 1923, and had come into force, upon exchange of ratifications, on the 21st February, 1924, see the *Survey for 1920-3*, p. 244. The treaty of the 17th February, 1934, is published in *League of Nations Treaty Series*, Vol. 150, pp. 104-9.

<sup>2</sup> See section D (i) of this part of the present volume.

<sup>3</sup> See the *Survey for 1933*, pp. 203-6.

on the anti-German side in the event of a Russo-German war. Accordingly, on the 28th March, 1934, Monsieur Litvinov proposed to the German Ambassador in Moscow that Germany and the Soviet Union should give a joint guarantee to the four countries in question. This new Soviet proposal was uncompromisingly rejected by the German Government. Even then the Soviet Government did not give up hope of ultimately achieving their purpose on a larger scale in the shape of an East-European mutual security pact to which Czechoslovakia and Poland were to be parties, as well as the Baltic states, Germany and the Soviet Union itself. The history of the negotiations for this East-European Pact, which dragged on into 1935, will be recorded in the *Survey* for that year. In this place it remains to record the reaction in the Baltic states to the failure of the previous attempt, on the Soviet Government's part, to protect them against the growing German danger.

The immediate sequel was an overture to Latvia and Estonia from Lithuania which resulted, before the end of the year, in the enlargement of the existing Latvian-Estonian *duplice* into a *triplice* embracing all three Baltic states.

Up to this point Lithuania had been steering a different course from that of her two northern neighbours; for Lithuania's master-passion, since her re-emergence upon the political map of Europe, had been the pursuit of her implacable feud with Poland over the possession of Vilna.<sup>1</sup> This anti-Polish orientation had drawn Lithuania into amity with the Soviet Union;<sup>2</sup> and the friendship had been easy to maintain; for the statesmen at Moscow had realized from the beginning that Lithuania would be a useful satellite for the Soviet Union on Poland's flank, while the very fact that the Poles had insulated this protégée from her patroness, through their success in seizing and retaining possession of Vilna, had facilitated the maintenance of cordial relations between Kovno and Moscow by screening Lithuania from the radiation of Russian Communist propaganda. This philo-Russian bent of Lithuanian policy had been an obstacle to co-operation between Lithuania and her two northern neighbours so long as Latvia and Estonia were preoccupied by the fear of being reabsorbed into the Russian body politic; and, even when this fear subsided, Latvia was chary of entering into any relations with Lithuania that might embroil her with Poland, who, by way of the Vilna Corridor, was also one of Latvia's *états limitrophes*. Meanwhile, Lithuania was making herself less desirable than ever as a possible associate for

<sup>1</sup> See the *Survey for 1920-3*, Part III, section (ii) (3) (c).

<sup>2</sup> See *op. cit.*, pp. 249, 251, 252; the *Survey for 1927*, pp. 225 *seqq.*

other states by plunging into a new quarrel with Germany over the administration of the Memelland<sup>1</sup> without having made any attempt to compose her old quarrel with Poland over the possession of Vilna.

In their brief 'post-war' career as an independent nation, the Lithuanians had given abundant proof that they were one of the most headstrong and 'temperamental' peoples in Europe. They had not hesitated to incur the enmity of both Poland and Germany simultaneously; and towards other countries their attitude had been that they had little use for their friendship if that friendship was not to carry with it a whole-hearted participation in Lithuania's own cherished feuds. Since these feuds had come to embrace Germany as well as Poland, it may be imagined that Lithuania's other neighbours preferred to dispense with Lithuania's friendship rather than enjoy it on Lithuania's terms; and their prudent reserve, so far from inspiring Lithuania with misgivings, had hitherto provoked her to retort with a contemptuous *Οὐ φροντὶς Ἰπποκλείδῃ*.<sup>2</sup> The German-Polish treaty of the 26th January, 1934, appears, however, to have brought Lithuania to her senses at last; and the German Government's subsequent rejection of the Soviet Government's proposal of the 28th March, 1934, was perhaps the last touch of the whip which stung the Lithuanian Government into constructive action.

On the 25th April, 1934, the Lithuanian Government addressed a memorandum to the Latvian and Estonian Governments in which they proposed a *rapprochement* between all three states without, apparently, insisting any longer upon conditions which would inevitably embroil the two countries whose friendship Lithuania was now wooing, with her existing enemies Poland and Germany. At any rate, the Latvian and Estonian Governments, after consulting together, made an agreed reply to the Lithuanian *démarche* in which they signified their acceptance of the Lithuanian memorandum of the 25th April as a basis for negotiations, and suggested that the objective to be aimed at was the accession of Lithuania to the Estono-Latvian pact of the 17th February. Thereafter, on the 22nd May, 1934, the Estonian Minister for Foreign Affairs travelled to Warsaw and there held consultations on the 23rd with Marshal Pilsudski and

<sup>1</sup> For the circumstances and conditions in which Lithuania had acquired her sovereignty over the ex-German territory of the Memelland, which had been ceded by Germany to the Principal Allied and Associated Powers in the Peace Settlement, see the *Survey for 1920-3*, Part III, section (ii) (3) (f). For the relations between Germany and Lithuania over Memel during the years 1924-32 see the *Survey for 1932*, Part IV, section (iv).

<sup>2</sup> Herodotus, Book VI, Chapter 129. Monsieur Valdemaras, who was dictator of Lithuania from 1926 to 1929, had previously been a professor of Greek.

Colonel Beck, in order to make it clear (no doubt on his Latvian colleague's behalf as well as on his own account) that his country had no intention of entering into the Lithuanian proposals on any terms that would involve her in Lithuania's quarrels to the disturbance of her own friendships. A *rapprochement* on this basis between the Estono-Latvian *bloc* and Lithuania involved nothing to which Poland could object, and it might even work out to her positive advantage, since the main object of her policy towards Lithuania was to obtain Lithuania's acquiescence in the *fait accompli* in the Vilna Corridor, and the way to the attainment of this object might perhaps be found through Latvian and Estonian mediation. In the last week in July 1934, when the Baltic negotiations were already far advanced, Colonel Beck paid a return visit to Tallinn and broke his journey home at Riga.

In the exchange of views between the Estono-Latvian *bloc* and Lithuania, the next step was a preliminary conference at Kovno on the 7th-9th July, 1934, at which the terms for a tripartite pact were reported to have been agreed upon in principle. A second conference was held at Riga on the 29th August; and on this occasion the agreement was embodied in a diplomatic instrument which the representatives of the three states were able to initial on the evening of the day on which the proceedings opened. Signature followed at Geneva on the 12th September, and ratifications were exchanged on the 3rd November at Riga.

The terms of this tripartite Baltic Pact need not be set out here, since the text of the treaty is printed in the accompanying volume of documents. The main effect was to embrace Lithuania in those arrangements for co-operation in the conduct of foreign affairs which were already in force, as between Latvia and Estonia, in virtue of the bipartite treaty of the 17th February, 1934. By agreement between the three contracting parties, the new treaty was open to the adhesion of other states (Art. 7). It contained no provision binding Latvia and Estonia to give Lithuania any military assistance in any eventuality, while it did contain, in its third article, a provision which safeguarded their right to keep out of Lithuania's quarrels with Poland over the Vilna Corridor and with Germany over the Memelland.

The High Contracting Parties recognize the existence of specific problems with regard to which it might be difficult to adopt a concerted attitude. They agree that these problems form an exception to the obligations referred to in Art. 1 of the present treaty.

The first of the periodic conferences between the three Baltic Ministers for Foreign Affairs, which had been provided for in Article 2

of the treaty of the 12th September, 1934, was held at Tallinn (Reval) on the 30th November–1st December of the same year; and it was announced in the official *communiqué* on this meeting that the three Baltic states reaffirmed their desire for the conclusion of an East-European Pact, and that they were taking steps for giving practical effect to the provisions in the treaty for co-operation among themselves. On the 23rd January, 1935, a 'Bureau for the Promotion of Co-operation between Estonia, Latvia and Lithuania' held its first meeting at Riga and produced a programme for concerted action in the economic and cultural fields.

## PART III

### EUROPE

#### C. CENTRAL EUROPE

##### (i) Relations between Austria and Germany (1932-4)

###### (a) INTRODUCTORY

EVER since the collapse and dissolution of the great Danubian Hapsburg Monarchy in the autumn of 1918, the internal affairs of the residual Austrian Republic had been a matter of international concern. This was so during the years 1932-4, which are dealt with in the present chapter, no less than during the earlier post-war period. There was, however, one profound and important difference in the nature of this Austrian factor in international affairs as it presented itself in 1919-31 on the one hand and in 1932-4 on the other. In these latter years the Austrians astonished the World by showing an unexpected 'dynamism', after having so recently astonished it by the unexpected passivity with which they had previously acquiesced in the immoderate penalties of military defeat and political disaster. And an Austria which had become a powder-magazine evidently confronted Europe with a different kind of danger from the dangerousness of another Austria which had been a vacuum.

The pathetically passive Austria which was familiar to American and British relief-workers during the post-war years was already on the stage during the General War of 1914-18, before the conclusion of the Armistice. The War was still young when Austria began to be bullied both by her Hungarian partner in the Dual Monarchy and by her German ally in the camp of the Central Empires. 'Oesterreich muss bluten' became one of the 'slogans' of the German General Staff. As early as September 1916 Germany insisted upon the establishment of a unity of command which meant, in practice, that the Imperial-Royal Army became so much cannon-fodder to be consumed by the Prussian war-machine. At the same time an agrarian Hungary showed a heartless egotism in keeping her own food-supplies to herself and allowing the whole brunt of the blockade of the Dual Monarchy to fall upon an industrial Austria (in spite of the fact that the two partners in the Monarchy were officially united in a Zollverein). Thus Austria had been schooled, from 1915 to 1918, by her then still undefeated partners and allies, to put up with the kind of

treatment which she afterwards received at the hands of her victorious adversaries ; and it might be difficult for an Austrian to decide whether the callousness displayed towards Austria by the Principal Allied and Associated Powers from the time of the Armistice onwards was harder to bear than the previous brutality of the Prussians and the Magyars. In any case, the once domineering and masterful *Homo Austriacus* appeared to have been completely broken in—whichever of his neighbours might be entitled to the credit for having performed the cruel feat.

He was oppressed, and he was afflicted, yet he opened not his mouth : he is brought as a lamb to the slaughter, and as a sheep before her shearers is dumb, so he openeth not his mouth.<sup>1</sup>

Could this be the descendant of the indomitable Radetsky, who had held the fort in the Quadrilateral in 1848 when all Italy was up in arms around him and the whole Monarchy in flames in his rear ? Or the descendant of 'butcher' Haynau, who had outraged the World by the harshness of his repression of the defeated Magyar insurgents in 1849 ? A day or two after the Armistice of 1918, a Tyrolese friend of the writer of this Survey happened to be travelling, as a civilian, between Innsbruck and Graz, at right angles to the line of retreat of the Imperial-Royal Army which was ebbing back, *en débandade*, from the Italian front ; and he noted, with helpless indignation, how the German-Austrian soldiers submitted to being ejected from the troop trains by their Magyar 'comrades-in-arms', who unceremoniously commandeered all the available means of transport for their own use. This was the 'defeatist' Austrian spirit which was tamely acquiescing, as late as the year 1931, in the Franco-Italian veto upon the project for an Austro-German customs union. By that date even a cautious observer might have hazarded the opinion that the old empire-building Austrian *éthos* was extinct. Within the next three years, however, the Austrians had once more shown a spirit which was as alien from that of 1915-31 as it was akin to that of an earlier age. By the close of the year 1934 a Major Fey had displayed some of the lineaments of a Marshal Haynau, and an Engelbert Dollfuss some of those of an Andreas Hofer. Here was a reincarnation both of the reactionary Austrian officer who was prepared to quench opposition in blood, and of the patriotic Austrian peasant whose combination of religious exaltation with intellectual simplicity could nerve him to throw himself into a fight against fearful odds.

The exploits of the new Austrian régime in the year 1934, when it

<sup>1</sup> Isaiah liii. 7.



successively crushed the Social-Democratic opposition and resisted a Nazi *Putsch* with one hand, while with the other it was stoutly holding up its shield against the slings and arrows of an outrageous Reichsdeutsch propaganda sharpened by terrorism, made a chapter of Austrian history which was worthy to rank with the years 1848–9. And, even in those historic years, there had been nothing to compare with the tragedy of the life and death of Dollfuss, which—unlike the contemporary Hitlerian melodrama—had something of the genuine ‘Nordic’ greatness of an Icelandic Saga.

What would happen to this dynamic Austria, at once new and old, which had suddenly come to life? And what would be her influence on the fortunes of Europe? Would she continue to submit to being Europe’s step-child and Italy’s satellite? Or would she eventually succeed in coming to tolerable terms with ‘the Third Reich’? Would she be an object or a subject of international politics? A battlefield or a combatant in a future international conflict? At the time of writing in the summer of 1935, these questions were calling for an answer which it was still impossible to give. At this date it could only be asserted with confidence that Austria was in the throes of a violent spiritual transformation which can be seen at work in the events recorded in the narrative which follows.

#### (b) THE ECONOMIC POSITION OF AUSTRIA

In an earlier volume of this series<sup>1</sup> an account was given of the project for a customs union between Austria and Germany which took shape in conversations between the German and Austrian Foreign Ministers in March 1931 and which was abandoned, under compulsion, six months later. The scheme failed because France and other European Powers saw in it a thinly veiled attempt to evade the prohibition on the *Anschluss* of Austria to Germany which was one of the conditions of the Peace Settlement; but at the same time it was generally believed that the project had been devised—at any rate by its Austrian co-author—primarily as a means of extricating Austria from the economic morass into which she had been sinking with increasing rapidity since the first signs of the coming world crisis had shown themselves in the autumn of 1929. It was an Austrian disaster—the failure of the Credit-Anstalt in May 1931<sup>2</sup>—that opened the acute phase of the crisis which shook world economy to its foundations during the second half of 1931; and the European Powers which succeeded in September 1931 in

<sup>1</sup> The *Survey for 1931*, Part III A.

<sup>2</sup> See *op. cit.*, pp. 63, 208–11.

compelling Austria to abandon the plan for closer relations with Germany could not fail to recognize in principle, in the midst of their own anxieties and preoccupations, that if they snatched this last plank away from Austria it was incumbent upon them at least to hold out a helping hand to the victim.

The Powers which had been concerned to prevent the economic union of Austria with Germany in 1931 were not likely to look on unconcerned at the attempts of the far more aggressive Germany of 1933 and 1934 to bring about the *Anschluss* under another name, especially since, in the changed situation in Europe, there was a strong probability that the *Gleichschaltung* of Austria might remove the last effective obstacle to the establishment of a German hegemony over the whole of Central Europe. For if the other Great Powers failed to prevent the virtual incorporation of Austria into the Third Reich, it seemed highly probable that Yugoslavia and Rumania, as well as Hungary and Bulgaria, would follow without delay the example which had been set by Poland and would throw in their lot with a Germany whose power would then obviously be in the ascendant.<sup>1</sup> To support the Austrian Government in their struggle to maintain Austria's independence of Germany therefore became one of the cardinal points of French and Italian policy, and Great Britain also associated herself, though in a less decided manner, with the views of the two Continental Western Powers. In July 1934, at a time of acute crisis, the Italian Government showed that they were ready if the need arose to pass from moral support to military action in defence of Austrian independence; and Italy—and to a lesser degree France—also gave concrete proofs of an acceptance of the fact that Austria could not continue to stand alone politically unless she received the financial and economic assistance which were necessary in order to ensure her a certain measure of prosperity. In view of the interrelation between the maintenance of Austria's political independence and her economic and financial situation, it may be convenient to indicate the principal changes which took place in that situation during the period under review, before tracing the development of Austria's relations with Germany.

In August 1931 Austria had made an urgent appeal to the League of Nations for help and advice;<sup>2</sup> and in September the League's Financial Committee had recommended that another international loan<sup>3</sup>

<sup>1</sup> See the Introduction to this part of the present volume, pp. 332, 341 *seqq.*, above.

<sup>2</sup> See the *Survey for 1931*, p. 102.

<sup>3</sup> For the loan which was floated in 1923 under League auspices in connexion with the scheme for the financial reconstruction of Austria, see the

should be floated for Austria's benefit,<sup>1</sup> in addition to the short-term credits which she had already secured from the Bank of England and through the Bank for International Settlements.<sup>2</sup> The Austrian Government accepted the conditions which were attached by the Financial Committee to the grant of a loan, although those conditions involved the reimposition of a considerable measure of control over Austria's finances,<sup>3</sup> but by the beginning of the year 1932 no steps had been taken to implement that part of the Committee's recommendations which related to a loan.

The economic and financial position of Austria in the year 1932 has been described in an earlier volume,<sup>4</sup> and it will be sufficient here to recall certain outstanding events.

In the middle of February 1932 the Austrian Chancellor, Dr. Buresch, summoned the Ambassadors of France, Germany, Great Britain and Italy and appealed for the co-operation of their Governments in providing Austria with greater opportunities for foreign trade. The most notable response to this appeal came from France,<sup>5</sup> who replied at the beginning of March in a communication which outlined the 'Tardieu Plan' for the establishment of a reciprocal customs preference system in the Danubian area.<sup>6</sup> This plan was considered in detail at a conference between France, Germany, Great Britain and Italy which was held in London at the beginning of April, but Monsieur Tardieu's proposals were unacceptable to the representatives of the other Great Powers,<sup>7</sup> and it became clear that no immediate help for Austria would be forthcoming by this means.

In the meantime the Austrian question had been continuing to engage the attention of the Financial Committee of the League of Nations, and in March 1932 this Committee had again reported in

*Survey for 1920-3*, Part III, section (iii) (5), and the *Survey for 1926*, Part II B, section (iv). In July 1930 another international loan was floated to provide capital required for the Austrian railways, and for the postal and telephone services. This loan, which was known as the Austrian Government International Loan, 1930, was not guaranteed by other Powers, but the Bank for International Settlements acted as trustees for the bondholders. It was secured on the gross receipts of the customs and the tobacco monopoly, but it ranked after the guaranteed loan of 1923.

<sup>1</sup> See the *Survey for 1931*, pp. 114-15.

<sup>2</sup> *Op. cit.*, pp. 68 and 72.

<sup>3</sup> For the termination of the control over Austrian finances in 1926 see the *Survey for 1926*, *loc. cit.*

<sup>4</sup> The *Survey for 1932*, Part I, sections (iii) (c) and (iii) (i).

<sup>5</sup> The German Government replied that they were anxious to help so far as lay in their power, and suggested the establishment of a system of preferences. For the economic relations between Austria and Italy see the following section of this part.

<sup>6</sup> For the Tardieu Plan see the *Survey for 1932*, pp. 22-3.

<sup>7</sup> *Op. cit.*, *loc. cit.*

favour of an international loan to Austria. It has been recorded elsewhere<sup>1</sup> that, owing to political and financial difficulties, the protocol providing for the issue of a loan of 300,000,000 Schillings was not signed until the 15th July, 1932, while the actual issue was not made until August 1933. While the project for a loan was still under consideration in June 1932, the Austrian Government found themselves obliged, owing to the rapidly weakening currency position of the National Bank, to declare a virtual transfer moratorium, and they also took the step—which laid them open to considerable criticism from their creditors—of withholding from the account of the trustees for the Reconstruction Loan of 1923 a portion of the revenue pledged to the service of the loan. In the protocol which was signed at Lausanne on the 15th July the Austrian Government reaffirmed 'its intention of meeting punctually all its foreign obligations', and the transfer of the sums required for the service of the League loan was in fact resumed at the beginning of 1933.<sup>2</sup> Another undertaking which the Austrian Government were compelled to reaffirm as a condition of receiving financial assistance was that relating to the maintenance of Austria's independence which their predecessors had given in the Reconstruction Protocol of 1922.<sup>3</sup> In the light of subsequent developments it was interesting that this fresh renunciation of any prospect of achieving the *Anschluss* of Austria to Germany, which the French Government insisted upon as a condition of the loan, should have aroused strong resentment in Germany (the German Government refused to participate in the loan because this condition was attached to it), whereas it was accepted by the Austrian Government apparently without difficulty—though their compliance could be explained by their urgent need of the loan, and it is not necessary to assume that the guiding principles which were to govern Dr. Dollfuss's policy towards Germany during the last eighteen months of his life<sup>4</sup> were already taking shape in his mind at this stage.

During the thirteen months which elapsed between the signature of the Lausanne Protocol and the issue of the loan in August 1933, Austria began, under Dr. Dollfuss's guidance, to make some headway against her financial and economic troubles; and when the long-awaited funds were at length forthcoming she was able to make more

<sup>1</sup> In *Op. cit.*, Part I, section (iii) (i).

<sup>2</sup> *Op. cit.*, p. 54.

<sup>3</sup> See the *Survey for 1920-3*, *loc. cit.*; the *Survey for 1931*, Part III A.

<sup>4</sup> See pp. 434-5, below. Dr. Dollfuss had formed his first Government towards the end of May 1932 and had therefore been responsible for the conduct of the negotiations for a loan during their last and most critical phase.

rapid progress towards recovery, in spite of her continual political troubles and of the economic pressure with which Nazi Germany supplemented her propaganda campaign for the *Gleichschaltung* of Austria.<sup>1</sup>

From the middle of 1932 onwards the reports of the Financial Committee of the League and of the League Adviser in Austria, Monsieur Rost van Tonningen, showed appreciation of the efforts which were being made by the Austrian Government to balance the budget and to introduce the financial reforms which the League's experts considered necessary. During the first months of 1933, budget equilibrium was endangered by falling revenue and increasing demands on the Exchequer; but the Government took energetic measures to restore the balance, and by the third quarter of the year the position was considered satisfactory. A heavy loss was incurred in connexion with the working of the state railways; and although certain reforms were carried out on the advice of foreign experts,<sup>2</sup> the hope that the deficit on the railway budget would disappear was not fulfilled.

In March 1933 the Government were obliged to devote considerable sums to the support of the general banking situation, which had again become critical, but the emergency measures which were taken proved adequate and the crisis was surmounted. At the same time the Government found themselves obliged to ask for a modification of the terms of settlement which had at length been reached with the foreign creditors of the Credit-Anstalt.<sup>3</sup> In March 1933 the Austrian Government made representations to the effect that the budgetary and economic position had deteriorated since the conclusion of the negotiations at the end of 1932, and that the amortization scheme then contemplated was now beyond Austria's capacity. At the end of April 1933 a supplementary agreement was concluded granting Austria a moratorium for cash payments until the 1st March, 1934.<sup>4</sup>

The remarkable stability of the currency during the first six months of 1933 was the subject of comment in Monsieur Rost van Tonningen's report on the second quarter of the year. The control of exchange

<sup>1</sup> See below, p. 439.

<sup>2</sup> A Swiss railway expert recommended a scheme of reorganization which was put into effect in the spring of 1933. In the March of that year the League of Nations appointed a British expert, Sir Osborne Mance, to act as adviser on Austrian railway questions.

<sup>3</sup> See the *Survey for 1932*, p. 52.

<sup>4</sup> In August 1934 an agreement was reached with the creditors for the prolongation of the standstill until the 1st March, 1936, and the postponement of negotiations for a final settlement until the summer of 1935.

transactions which had been introduced during the winter of 1931-2<sup>1</sup> was gradually relaxed during 1933, and by the beginning of September the restrictions had all been removed so far as current commercial transactions were concerned. Austria thus achieved the distinction of being the first of the countries which had resorted to foreign exchange restrictions to remove those restrictions. The National Bank, whose position had been strengthened by reforms carried out early in the year, had begun to acquire foreign exchange on its own account in the middle of June, and at the end of August it was able to provide 25,000,000 Schillings out of its reserves towards the repayment of the short-term credit which the Bank for International Settlements had granted to Austria in May 1931. The balance of the loan was repaid out of a portion of the proceeds of the international loan which had been issued in August. Another portion of the loan funds<sup>2</sup> was used in the transfer of the arrears of the service on the external loans which had been temporarily suspended in June 1932. At the beginning of September it was announced that the Austrian Government had resumed the payment in foreign currencies of the monthly instalments required for the service of external loans, that the arrears had been liquidated, and that provision had also been made for the reconstitution in full of the reserve funds on which the trustees for the 1923 League Loan had had to draw while the service was suspended.

A striking proof of the improvement in Austria's economic and financial position was afforded by the success of an internal loan which was floated in the autumn of 1933. In the middle of September the committee of representatives of the states which had guaranteed the 1923 loan approved a proposal from the Austrian Government to raise a loan, the proceeds of which would be devoted almost exclusively to a scheme for financing public works for the relief of unemployment. The issue of the loan was the largest financial operation which had been undertaken in Austria for many years. It had been estimated that a total of not more than 150,000,000 Schillings would be raised, but to the general surprise the total reached 265,000,000 Schillings and the subscribers numbered over 88,000.

This evidence of recovery was borne out by the trade figures, which were at last showing signs of a certain revival of industry. At the end of 1932 there had still appeared to be small prospect of such

<sup>1</sup> See the *Survey for 1932*, pp. 52-3.

<sup>2</sup> The Lausanne Protocol of the 15th July, 1932, had provided that 100,000,000 Schillings, amounting to a third of the total issue, should be used to repay the Bank of England's short-term loan of June 1931.

a revival, and unemployment presented a serious problem throughout the winter.<sup>1</sup> By the autumn of 1933, however, the prospects of the export trade were decidedly brighter, for by that time the exchange restrictions had been removed, and exporters were able to reap the benefit of the efforts which the Government had been making to secure more favourable terms for their trade from neighbouring states. In February and March 1932 commercial treaties had been signed with Poland, Italy and Yugoslavia. At the beginning of April 1932 Austria had denounced a commercial agreement which had been concluded in June 1931 with Hungary; and in July, when the agreement expired, the trade between the two countries remained unregulated by treaty for a few weeks, with disastrous results for Hungarian seasonal exports. A provisional agreement was concluded in August; and, after this had been prolonged several times, the negotiations for a definitive treaty more favourable to Austria were successfully brought to an end in December. A supplementary commercial agreement with Yugoslavia was concluded in August. Negotiations with France were in progress during the autumn, and an agreement granting preferential treatment for Austrian timber and agricultural products was concluded at the end of December.<sup>2</sup> Meanwhile, after the Conference which met at Stresa in September 1932 to consider measures for the financial and economic restoration of Central and East European states<sup>3</sup> had recommended the continuance of commercial negotiations by Austria, the Governments of Germany, Czechoslovakia and Poland were notified that the Austrian Government would be glad to discuss with them the establishment of a system of preferences. The negotiations did not make very rapid progress, however, and it was not until the middle of October 1933 that a new treaty with Poland was signed, while no treaty with Czechoslovakia had yet been signed by the end of 1934.<sup>4</sup>

The Austro-German negotiations on preferences had hardly begun when relations became strained in consequence of the Austrian Government's measures against Nazi activities in Austria; and in-

<sup>1</sup> At the end of January the official figures showed that there were nearly 400,000 persons in receipt of relief, and it was known that this did not by any means represent the total of unemployed persons. In spite of the gradual improvement in trade, the unemployment figures continued to be very high in proportion to the population, and in the winter of 1933-4 extensive measures for relief had again to be undertaken. At the end of December 1933 there were 336,000 persons in receipt of relief.

<sup>2</sup> The French Government encountered considerable opposition at home in their efforts to help Austria by granting her preferential treatment. The treaty of the 29th December, 1932, was not ratified by France until February 1934.

<sup>3</sup> See the *Survey for 1932*, Part I, section (iii) (j).

<sup>4</sup> See p. 502, below.

stead of granting concessions to help the Austrian export trade the German Government struck a heavy blow at one of the most important branches of Austrian industry by imposing a tax of 1,000 Reichsmark on German visitors to Austria.<sup>1</sup> Thanks to the strenuous efforts which were made by the Austrian Government to attract tourists of other nationalities, and thanks also to the desire of other European countries to support Austria in her struggle against Germany, the tourist trade suffered much less heavily than had been expected in the summer of 1933, although it was inevitable that considerable losses should be incurred by hotel-keepers, especially in districts near the German frontier. The return of confidence which made it possible for the internal loan of October 1933 to succeed beyond all expectations was perhaps not unconnected with the fact that the German tourist tax had failed signally to achieve its aim of forcing the Austrian Government to capitulate to the Nazi demands.

The Austrian tourist traffic showed further signs of recovery in 1934, in spite of the maintenance of the German tax,<sup>2</sup> and the foreign trade returns also continued to improve. Both exports and imports increased, the former more rapidly than the latter, and by July the adverse balance had been reduced to a point at which the monthly figure was lower than it had been at any time since the War.<sup>3</sup> During the second half of the year the Austrian export trade began to feel the benefit of the preferential treatment which was secured for a large number of Austrian products by the terms of the economic agreements which were concluded with Italy and Hungary in May, as a sequel to the Italo-Austro-Hungarian Pact of the 17th March, 1934.<sup>4</sup>

Political developments during the year,<sup>5</sup> however, caused the Government's expenditure on defence to be exceptionally heavy, and the rise in revenue did not keep pace with the increased demands on the Exchequer.<sup>6</sup> The attempts which the Government made to

<sup>1</sup> See p. 439, below.

<sup>2</sup> The number of foreign tourists who visited Austria in May and June 1934 was only about 6 per cent. less than in the previous year, though the German tax had not come into force until the 1st June, 1933.

<sup>3</sup> See also Part I, section (vii), p. 90, above.

<sup>4</sup> See section C (ii) of this part of the present volume. Preferential treatment for further Austrian products was also accorded by France in an agreement which was signed on the 14th November, 1934.

<sup>5</sup> See pp. 456 *seqq.* below.

<sup>6</sup> The special expenditure incurred in connexion with the suppression of the Socialists in February 1934 and the Nazi *Putsch* in July was said to have amounted to over 100,000,000 Schillings. Subsidies to the agricultural population also contributed to the rise in expenditure. On the other hand, the burden of supporting the unemployed was lessened by the improvement in trade and industry, and the position of the railways had also improved by the end of



keep the budget balanced in these circumstances were again the subject of favourable comment from League of Nations experts. In Monsieur Rost van Tonningen's report for the third quarter of 1934, for instance, he praised the patient 'and all but desperate' efforts which the Government had made to carry out the necessary reforms and thus create the foundations for positive reconstruction. The Financial Committee of the League, which discussed the situation in Austria at the beginning of September 1934, was also impressed by the power of recovery which Austria was exhibiting in the face of the continuance of the economic crisis and in the midst of her own political troubles. Thanks to an unexpected improvement in the revenue during the last months of the year and to the introduction of further economies, the deficit with which the year closed proved to be smaller than had been expected, and the situation was also relieved by the successful conversion of the League loan of 1923.

The service of this loan, which was due to be repaid in 1943, represented an annual total of 92,000,000 Schillings, and by the end of 1933 the Government had decided to make an attempt to reduce this burden by obtaining the consent of their creditors to a reduction of the rate of interest (6 per cent.) and a prolongation of the period of amortization. Preliminary conversations on the subject of a conversion scheme were conducted by Dr. Buresch, the Austrian Finance Minister, at Geneva in January 1934, but it was not until the following October that the consent of all the guaranteeing states was obtained.<sup>1</sup> The General Bonds for the British and French *tranches* of the converted loan were signed by Dr. Buresch at the end of November, and the subscription lists were opened early in December. The bonds were issued at 98½, bore interest at 4½ per cent., and were redeemable on or before the 1st December, 1959. The guarantors of the 1923 loan renewed their guarantees, in the same proportions as for the earlier loan. The whole of the American *tranche* of the 1923 loan was redeemed, half from the proceeds of the new issue in London and half from the Austrian issue. The operation was completely successful, and it was estimated that it would result in a reduction of about 50 per cent. in the annual outgoings on account of sinking-fund charges.

Another event took place in December 1934 which constituted an 1934, though they were still being run at a loss. The finances of the provinces also showed some improvement, and for the first time in seven years the revenues of the Provincial Government of Lower Austria exceeded the expenditure.

<sup>1</sup> Czechoslovakia was the last of the guaranteeing states to agree to the conversion scheme.

important landmark in Austria's progress towards recovery. This was the termination, as from the 10th December, of the standstill agreements for short-term debts which had been concluded with the British and American creditors of Austrian banks in 1931 and which had been renewed periodically thereafter.<sup>1</sup> By the middle of 1932 the credits affected had already been considerably reduced, and by the end of 1934 the process of repayment was virtually complete. The fact that this process had been maintained throughout the political troubles of the year 1934 without affecting exchange rates was an indication of the improvement which had taken place in Austria's economic and financial situation since the signature of the Lausanne Protocol in July 1932.

In spite of this improvement, signs of the persistence of Austria's internal economic troubles were still discernible by the expert eye at the end of the year 1934;<sup>2</sup> and, in any case, the answer to the question whether Austria would be able to continue on her way along the road to recovery depended less upon her own efforts than upon the development of the general political and economic situation in Central Europe. Austria's economic prosperity could hardly be kept at the level which was necessary to enable her to carry out her undertaking not to alienate her political independence unless the piecemeal system of loans and preferences, by means of which the Austrian Republic had maintained a precarious existence since its foundation, were replaced by some permanent arrangement which would result in a widening of Austria's economic horizon. So long as her economic life continued to rest on a hand-to-mouth basis, it would not be possible to eliminate the danger that Austria might capitulate in the end to the pressure from Nazi Germany which had been exercised upon her, with varying degrees of intensity, since the beginning of 1933.

(c) THE AUSTRIAN GOVERNMENT AND THE NATIONAL SOCIALISTS  
BEFORE THE ESTABLISHMENT OF A NAZI RÉGIME IN GERMANY

With the establishment of the National Socialist régime in Germany at the end of January 1933, the support which the Austrian Nazis received from Germany became a matter directly affecting the relations between the Governments in Berlin and in Vienna, but it was not in itself a new development. In the year 1926 the Austrian National Socialist Party<sup>3</sup> had split over the question of its relation-

<sup>1</sup> See the *Survey for 1932*, pp. 54-5. See also the present volume, Part I, section (i), p. 1.

<sup>2</sup> See p. 91, above.

<sup>3</sup> A short account of the development of the party is given in the Austrian

ship to the German party, and the larger section, which accepted unconditionally the leadership of Herr Hitler, constituted from that time onwards a branch of the German National Socialist Party.<sup>1</sup> During the next few years this Austrian branch of the party suffered from internal dissensions, and the financial difficulties with which it also had to contend were not entirely solved by help from Germany. Its growth was also checked to some extent by the rise of the Heimwehr, but by January 1930 it was estimated that the party numbered about 110,000 members, compared with 7,000 in 1928. In the 1930 elections, however, the Nazis did not obtain a single seat either in the National Assembly or in any other legislative body. In July 1931 Herr Theo Habicht was appointed by Herr Hitler to the post of Inspector for Austria, and under his guidance the campaign of propaganda was conducted with greater activity and also with greater success. The economic distress, which was at its acme during the winter of 1931-2, gave the Nazis their opportunity, and in the municipal elections which took place in April and May 1932 they won an unexpectedly large number of seats. For instance, they obtained fifteen seats (principally at the expense of the Pan-Germans and Christian Socials) in that stronghold of the Social Democrats, the Vienna Municipal Council. Thus they acquired sufficient political power to upset the unstable political equilibrium at a moment when the Austrian Government needed to be able to concentrate their attention on the economic crisis.

The internal political situation in Austria must find some place in a survey of international affairs, since the ability of the Austrian Government to resist Nazi pressure, which was a matter of international concern, was bound up with the maintenance of a certain degree of internal stability. At the beginning of 1932 the political party which possessed the largest number of seats in Parliament was the Social Democrat Party, whose control over Vienna was still absolute. The Social Democrats had 72 seats, and the Christian Socials—the party to which Dr. Seipel and a number of other leading Austrian statesmen belonged—came second with 65 seats. The remaining 25 seats were divided between the Heimatbloc,<sup>2</sup> the Pan-

Government's publication: *Beiträge zur Vorgeschichte und Geschichte der Juli-revolte, herausgegeben auf Grund Amtlicher Quellen* (Vienna, 1934).

<sup>1</sup> The other section, under the leadership of Herr Karl Schultz, continued to exist for some four years, growing gradually weaker as the Hitlerites gained strength; but in 1930 Herr Schultz's partisans became merged with the Pan-German followers of Dr. Schober.

<sup>2</sup> The Heimatbloc—the political party which had been organized by the Heimwehr in 1930—had secured eight seats in the Parliamentary elections in the November of that year.

Germans and the Landbund. For some time past the Pan-Germans and the Landbund had combined with the Christian Socials to form an anti-Socialist bloc, but the Pan-Germans in particular had proved themselves to be allies on whom no great reliance could be placed. The outstanding feature of political life was the strong antipathy between the 'Clerical' Christian Socials and the 'Red' Social Democrats, which prevented co-operation between the two strongest parties and thus made it extremely difficult to find a basis for stable government. In January 1932 the Christian Social Chancellor, Dr. Buresch, who had become the head of the Government in June 1931, reorganized his Cabinet. He had lost the support of the Pan-German section, and he endeavoured to carry on the Government with a coalition between the Christian Socials and the Landbund which did not possess a majority in Parliament. In the spring of 1932 the Nazis followed up their success in the municipal elections by launching a campaign for the dissolution of Parliament, and motions demanding a dissolution were also introduced in the National Assembly by the three non-governmental parties. On the 6th May, 1932 Dr. Buresch and his Cabinet resigned, and it was not until the 20th May that Dr. Engelbert Dollfuss, the Minister for Agriculture in the former Cabinet, was successful in forming a new Government. The Pan-Germans again refused their support, but the Cabinet for the first time included one member of the Heimatbloc, while another member was Dr. Rintelen, the Governor of Styria, who was nominally a Christian Social but had Heimwehr sympathies. The coalition of Christian Socials, Landbund and Heimatbloc commanded only a bare majority of one vote in Parliament, and during the nine months which elapsed between the formation of Dr. Dollfuss's first Cabinet and the suspension of Parliamentary government<sup>1</sup> the Opposition parties neglected no opportunity of hampering the Government and delaying the passage of necessary legislation. It was only by skilful political manœuvring that Dr. Dollfuss secured a majority in the National Assembly for ratification of the Bill embodying the Lausanne Protocol of the 15th July, 1932, although it was generally recognized that the loss of the promised international loan, which would have resulted from failure to ratify the Bill, would have meant immediate national bankruptcy.<sup>2</sup>

<sup>1</sup> See below, pp. 435-6.

<sup>2</sup> The Bill was adopted by the National Assembly on the 17th August by one vote, but it was actually thrown out by the Bundesrat, or Federal Council, by 27 votes to 23, and the majority of two by which the Government secured the necessary resolution of reaffirmation from the National Assembly was obtained by introducing two new Government supporters in the places of

The inclusion of the Heimatic bloc in the Government Coalition in May 1932 marked the first step along a path which led to the suppression of the Socialists in February 1934 and to the transformation of the Austrian Republic into a Christian Corporative State based on the Italian model. The Austrian Fascist and Monarchist<sup>1</sup> organization which was known as the Heimwehr had been gaining ground in the provinces for some years before it entered the political lists as an independent party, and its activities had frequently been a source of anxiety to the Government of the day. In September 1931, eight months before the entry of a member of the Heimwehr into the Cabinet, there had been an abortive Heimwehr *Putsch* in Styria and Upper Austria, and although this attempt to seize power was a failure it revealed the wide extent of the sympathy with the Heimwehr movement, not only among the general public, but also among the police and the local authorities, while the leniency with which the Government treated such of the leaders as were arrested<sup>2</sup> was also not without significance. The appointment of a Heimwehr Minister in May 1932 was dictated by the exigencies of the political situation at the moment rather than by choice—since the Christian Social Party to which Dr. Dollfuss belonged must obtain the co-operation of either the Heimwehr or the Pan-Germans in addition to the Landbund if the Government were to be able to survive any vote on the question of confidence—but, when once this first step had been taken, it became increasingly difficult to deny the Heimatic bloc a larger share of power. Dr. Dollfuss's growing dependence on the Heimwehr and his failure to come to terms with the Social Democrats in face of the rising Nazi menace was the subject of much criticism in democratic circles abroad, and no doubt the Chancellor's Christian Social background and his strong Catholic views strengthened his reluctance to seek an alliance with the Socialists. To make friends with the Social Democrats, however, would have meant making enemies of the Heimwehr, and the political theories and outlook of the Heimwehr had too much in common with those of the National Socialists

Dr. Seipel and Dr. Schober, both of whom died at this crisis of Austria's fortunes.

<sup>1</sup> For the Austrian Monarchist movement, see pp. 495-6, 501, 504, below. The growing strength of the movement and the ventilation of the question of a Hapsburg restoration in 1933 and 1934 were doubtless among the factors which stimulated the activities of the Austrian National Socialists.

<sup>2</sup> The actual leader of the *Putsch*, Dr. Pfrimer, escaped into Yugoslavia. Prince Starhemberg was amongst those arrested, but he was able to prove that he took no part in the rising. The part which was played by Dr. Rintelen, the Governor of Styria, laid him open to the charge of complicity, and in some quarters he was believed to have been the real instigator of the plot.

for the danger of a Nazi-Heimwehr coalition to be ignored with safety.

The Heimwehr element in the Cabinet was strengthened before the Dollfuss Government had been in power six months by the appointment of Major Fey, the leader of the Heimwehr in Vienna, to the post of Minister for Public Security, which fell vacant at the end of September. This post was one of special importance since its occupant was responsible for taking measures to deal with the more or less serious political disturbances which were now of frequent occurrence in Vienna and in the provinces.

Disturbances of this kind were not, of course, a new phenomenon in Austria, and the possession of arms by semi-military associations such as the Heimwehr and the Socialist Schutzbund made it inevitable that there should be occasional loss of life or cases of serious injury when clashes took place between rival demonstrators.<sup>1</sup> With the increased activity on the part of the Austrian Nazis which followed their success in the municipal elections in the spring of 1932, the problem took on a more serious aspect. At the end of May, for instance, over thirty people were said to have been seriously injured and one Nazi killed at Innsbruck in a clash between Nazis and Socialists, and there were also disorders, with several casualties, at Linz. In Vienna, on the 28th May, 1932, a Nazi demonstration held up the traffic, and there were further disturbances a day or two later. Nazi demonstrations generally gave rise to counter-demonstrations by Social Democrats, and it was between members of these two parties that the majority of the clashes occurred. Heimwehr men were also occasionally involved, however—as, for instance, in

<sup>1</sup> From time to time rather half-hearted attempts had been made to deal with the problems created by the semi-military associations' illegal possession of arms. Such raids as were conducted by the police in search of arms were almost always directed against the Schutzbund, and this fact naturally gave rise to Socialist complaints of discrimination. In the middle of January 1932, for instance, a large store of munitions was discovered in the Ottakring district of Vienna. During February there was some discussion regarding the possibility of reciprocal surrender of weapons by the Schutzbund and the Heimwehr, but while the Schutzbund leaders declared themselves ready to co-operate in this plan, Prince Starhemberg (who by this time had been recognized as the national leader of the Heimwehr movement) refused to consider the surrender of any Heimwehr arms on the ground that a 'Marxist' *coup* might be expected at any moment, and that in that event the Government forces would find it necessary to call on the Heimwehr for armed support. At the end of February the Tirolese Landtag was reported to have decided on the enlistment of the Heimwehr as an auxiliary police force for use in the event of industrial disturbances. The Tirolese Heimwehr thereby secured the recognition of their right to carry arms—and even to have them stored on Government premises.

disorders which took place at Graz in the third week of July 1932. A Nazi Congress which was held in Vienna from the 29th September to the 2nd October, 1932, was intended to show the extent of the Nazi gains in Vienna, and it therefore caused the Social Democrats to rally their forces in counter-demonstrations. The disorders which occurred in consequence did not result in any loss of life, but in the middle of October the Nazis conducted a propaganda march through the Simmering district of Vienna—a Socialist stronghold—and in the disturbances which took place three persons were killed. On this occasion the Social Democrats were apparently the aggressors, but the Nazis by no means confined themselves to peaceful manifestations. At the beginning of July 1932 a minor diplomatic incident was created by an attack by a band of young Nazis on a golf clubhouse at Lainz, near Vienna, when the Rumanian Minister and other members of the diplomatic corps were present, and the Rumanian Minister was among the persons who were injured. Like their German comrades, the Austrian National Socialists had a strongly anti-Semitic bias, and attacks on Jewish places of business or synagogues were by no means unknown. In January 1932, and again in the middle of October, the University of Vienna was closed temporarily in consequence of attacks by Nazi students on Jewish and Socialist fellow students.<sup>1</sup> The first act of Major Fey, who entered upon his duties as Minister for Public Security immediately after the affair at Simmering, was to prohibit all political demonstrations or meetings arranged by Nazis, Socialists or Communists. The fact that this prohibition did not extend to the Heimwehr was noted with indignation by the Social Democrats, who interpreted it, not without reason, as a proof of the increasingly close association between Dr. Dollfuss's Government and the Heimwehr.

The support which the National Socialist Party in Austria received from the German party was illustrated by the presence of leading German Nazis at many of the meetings and demonstrations which were arranged in Vienna and elsewhere during the year 1932. For instance, Captain Göring (as he then was) attended a demonstration at Linz early in June; Dr. Goebbels spoke at a meeting in Vienna on the 18th September; and Captain Göring, accompanied by Herr Gregor Strasser, went to Austria again at the end of September to take part in the Nazi Congress in Vienna. So long as the National

<sup>1</sup> Anti-Semitism had begun to make itself felt in Austria during the war of 1914-18, when there was an influx of Galician Jewish refugees from Austrian territories occupied by the Russian armies. There had been anti-Jewish disturbances in the University of Vienna soon after the Armistice.

Socialists were not in office in Germany the Government in Berlin could not be held responsible for the German inspiration of Nazi activities in Austria; but a certain cooling-off in Austrian feelings towards Germany which was noticeable during the second half of the year 1932 was no doubt attributable partly to resentment against the disturbing part which National Socialism was playing in Austrian life. Moreover, the circumstances in which the Lausanne Protocol of the 15th July, 1932, was signed and ratified by Austria did not tend to an increase of cordiality between Berlin and Vienna. German opinion professed itself unable to understand the Austrian Chancellor's acceptance of the conditions which were attached by France to the grant of a loan—especially in view of the fact that the loan was not large enough to do more than tide Austria over her immediate difficulties; while the Austrian Government, having decided on their course, were naturally not best pleased at the obstacles which Germany put in the way of agreement at Lausanne.<sup>1</sup> The difficulties with which Dr. Dollfuss had to contend in securing the National Assembly's ratification of the Lausanne Protocol have already been indicated, and there was reason to believe that the opposition was stimulated by German agitators. At the beginning of August the Chancellor's office gave orders for the strict supervision, and deportation, if necessary, of foreigners who concerned themselves with Austrian internal affairs in public speeches or in other ways. It was understood that these measures were specially directed against German propagandists who attacked the Lausanne Protocol. German interference in Austrian affairs was publicly denounced by Christian Social speakers in the National Assembly, and the Christian Social journal, the *Reichspost*, launched similar accusations. It was even more significant that by the autumn of 1932 the Social Democrats, who had always put the *Anschluss* of Austria to the Germany of the Weimar Republic at the head of their programme, were beginning to show signs of uneasiness at the rising tide of militaristic nationalism and anti-Semitism across the frontier. Another straw which was believed to show which way the wind was blowing was the change which took place early in October in the Austrian diplomatic representation in Berlin, for Dr. Frank, the Minister who was recalled, was a leader of the Pan-German party and a strong supporter of the *Anschluss*. Thus the policy which the Austrian Government followed after the inauguration of a Nazi régime in Germany was foreshadowed to a certain extent by the change which had taken place in Austro-German relations before the 30th January, 1933.

<sup>1</sup> See p. 421, above.



(d) THE AUSTRIAN GOVERNMENT AND THE NATIONAL SOCIALISTS,  
JANUARY–AUGUST 1933

One of Herr Hitler's first acts after his appointment as Chancellor of the Reich was to despatch a message to Dr. Dollfuss expressing his good wishes for the prosperity of the Austrian nation—a message which elicited a cordial response. It soon appeared, however, that the German and the Austrian Governments were not agreed in their interpretation of what was conducive to the well-being of the Austrian people. Since the Austrian National Socialists had no independent existence but were members of the German National Socialist Party, the German Nazi leaders were accustomed to think of Austria merely as one of the districts into which Germany was divided for the purposes of party organization. This conception was not modified by the change in the status of the German National Socialist Party which was effected on the 30th January, 1933, and which made the acts of the party equivalent to the acts of the state.<sup>1</sup> Austria remained for German Nazis an outlying district which must be subjected to the process of *Gleichschaltung* in the same way as the *Länder* of the Reich. It may be noted that this formula of *Gleichschaltung*, which superseded the *Anschluss* as an object of German policy as soon as the Nazis came into power, did not appear to German minds to be open to the objections which other Powers were accustomed to raise against the *Anschluss*. In support of this belief, the German Nazis could point to the fact that a process of assimilating Austrian and German administration in legal and other fields had been going on for many years past without let or hindrance. All that was necessary, on this view, was for the Nazis to come into power in Austria as they had come into power in Germany, and the unity of Austria and Germany would then take effect as a matter of course without encountering any of the treaty obstacles to a formal *Anschluss*. In opposition to this German thesis the Austrian Government, under Dr. Dollfuss's leadership, put before the world a conception of an independent Austria<sup>2</sup> who intended to resist to the utmost all efforts

<sup>1</sup> The identification of the party with the state in Nazi Germany, which was formally proclaimed in a law of the 1st December, 1933, constituted the basis on which the Austrian Government rested their accusations that the German Government were directly responsible for the Nazi campaign in Austria.

<sup>2</sup> It was perhaps an open question how far Dr. Dollfuss and his colleagues were sincere in their profession of faith in an independent Austria, and how far that profession was merely designed to secure economic and financial assistance from the Powers which were interested in preventing the union of Austria with Germany. The Austrian Government might well argue that the Powers would not permit Austria to become incorporated in Germany in any case, and that they might as well derive what advantages they could from the

to deprive her of her freedom to shape her political future in accordance with her own needs, but who remained conscious, nevertheless, of the special bonds which connected her with the Reich: an Austria who took pride in being the exponent of a German culture 'which was not a menace but an inspiration'.<sup>1</sup>

During February and March 1933 the German Press published a number of articles attacking the Austrian Government for their 'oppression' of the Nazis; but it was not until the second half of March that the Austrian Government found occasion to present the first of many unavailing protests to the German Government. Early in March a parliamentary crisis in Austria resulted in the suspension of parliamentary government. On the 4th March a Socialist motion against a Government proposal to penalize workers who had taken part in a recent railway strike was carried by one vote. The validity of the decisive vote was contested by the Government's supporters, whereupon the Pan-German President of the Assembly and two Vice-Presidents resigned their offices. The Constitution made no provision for the election of a new President of the Assembly in such circumstances, and the session of Parliament was thus suspended automatically. The Government, with the approval of the Heimwehr and of an important section of their Christian Social supporters, took the opportunity to put an end to the extremely precarious situation in which they had existed for ten months, with a bare majority in the Assembly. Dr. Dollfuss offered the resignation of his Cabinet, which was refused by President Miklas, who then gave his consent to the proposal to govern by the issue of emergency decrees; a meeting which was summoned on the 15th March by the ex-President of the Assembly, and which was attended by about sixty deputies, was declared to be illegal; criticisms of the Government's proceedings by the second chamber, the Federal Council, were similarly ignored; and from the middle of March onwards the country was under semi-dictatorial rule. The Government promptly made use of special situation by putting a good face on their compliance with the Powers' wishes. The negotiations which took place from time to time between Dr. Dollfuss and the Nazis (see pp. 450-2, below) indicated that Dr. Dollfuss had no insuperable objections to National Socialism as such; but if he may have contemplated the possibility of admitting Nazis to a share in the Government, he showed no inclination to resign his functions in favour of a Nazi dictatorship. Indeed, there could be little doubt as to the sincerity of the resentment which was aroused in Dr. Dollfuss and many other Austrians by German bullying; and the Chancellor does not appear to have wavered in his determination to make the cessation of German interference a condition of the settlement of the feud between Austria and Germany.

<sup>1</sup> Dr. Dollfuss was reported to have made use of this phrase in an interview with the correspondent of *The New York Times* in May 1933.

powers which were a legacy from the War to check hostile manifestations on the part of Socialists or National Socialists—the activity of the latter having greatly increased since the triumph of their cause in Germany<sup>1</sup>—and a number of decrees were issued prohibiting demonstrations and political assemblies, and restricting the freedom of the Press. On the 18th March Dr. Frank, the Bavarian Minister of Justice, gave a broadcast address from the Munich wireless station, in the course of which he warned the Austrian Government that if they persisted in their present course the German Nazis might feel obliged to make themselves responsible for the security and freedom of their fellows in Austria. The protest which the Austrian Minister in Berlin was instructed to make on the subject of this utterance by a member of the Bavarian Government elicited no apology, and within a few days further offence was given by a statement made by another Nazi leader, Herr Kube. At the meeting of the Prussian Diet on the 22nd March, Herr Kube, speaking as Herr Hitler's representative, declared that the Nazi goal would only have been reached when the whole of Germany and all Germans—including those in Austria—were united.

In the light of such statements as these, the Austrian Government could hardly fail to come to the conclusion that the Nazi campaign for their overthrow was approved by the German Government, even if it was not directly incited by them. As time went on the Austrian authorities accumulated a body of proof which convinced them that the whole campaign was in fact planned in Germany and was executed in accordance with instructions received from Germany.<sup>2</sup>

<sup>1</sup> In 1932 the activities of the Nazis in Austria had been directed mainly against Jews and Socialists, but after the change of régime in Germany their attention was concentrated on propaganda and demonstrations against the Government. Nazi propaganda was making headway in 1932 and 1933, especially among students in universities and high schools (who, like their fellows in Germany, were ready converts to National Socialism because of the absence of openings for them under the existing régime) and among the peasants in mountain districts who had suffered from the fall in the prices of agricultural products and from the loss of foreign markets for Austrian timber. Agrarian discontent had been causing concern to the authorities for some time, and it was exploited by the Nazis with considerable success. Attempts to distraint on peasants' goods for taxes in arrears met with armed resistance in Salzburg and Tirol in the later months of 1932, and at the turn of the year there was a riotous outbreak for the same cause in Eastern Styria.

<sup>2</sup> Documents which were held to prove that the German Government had drawn up definite plans for the conquest of Austria were published officially in Vienna in August 1933. The case against the German Government was also set out in detail, with numerous citations of documentary sources, in the Brown Book which was published in the autumn of 1934 on the subject of the July *Putsch* (see footnote 3 on p. 427, above).

The first line of attack, which had already been developed to a considerable extent in 1932, consisted in attempts to put pressure upon the Government to hold parliamentary elections, in the hope that a Nazi majority would be returned. The certainty that elections would result in introducing a powerful Nazi element into Parliament provided one of the strongest motives for the continuance of non-parliamentary government, and, while the definitive abolition of Parliament required a fundamental change in the Constitution which could not be carried through in haste, the Government showed no signs in the interval of yielding to pressure from any quarter for the holding of parliamentary elections. Towards the end of April 1933 municipal elections were held in Innsbruck which resulted in the Nazis winning nine out of the twenty seats. Thereupon the Government announced that no more municipal elections would be held until further notice. In April, also, there was a sensational access to Nazi strength in Styria, where the local branch of the Heimwehr formed an alliance with the Nazis and accepted Herr Hitler's leadership *en masse*.<sup>1</sup>

The measures which the Austrian Government took during the spring of 1933 to check the growth of the Nazi movement were not confined to the issue of the decrees which have already been mentioned. Universities and high schools were temporarily closed as the result of Nazi disorders, and in Vienna the much-prized autonomy of the University was abolished. All officials and employees of the state were required to take a special oath of loyalty, and the defensive forces at the Government's disposal were strengthened. In the third week of March 3,000 recruits on the waiting list and 3,500 on the reserve list were called up for military service. (The Austrian army had been maintained for some years past considerably below the strength of 30,000 allowed by the Peace Treaty). In the middle of April 5,000 men belonging to the Heimwehr and other 'Right' organizations were taken on as auxiliary police. Attempts were also made to deal with the problem on more constructive lines. The Government recognized that the continuance of economic distress gave the Nazis openings of which they were not slow to avail themselves, but such steps as could be taken to reduce unemployment were inevitably slow in producing any result,<sup>2</sup> and more immediately

<sup>1</sup> Before the war of 1914-18, when a German majority in Styria had lived cheek-by-jowl with a Slovene minority, the province had been a stronghold of Pan-Germanism. The incorporation of the districts mainly inhabited by Slovenes into Yugoslavia in the Peace Settlement had apparently stimulated Pan-German sentiment in the section which formed part of the Austrian Republic.

<sup>2</sup> The Government could not hope, for instance, that their efforts to revive

effective counter-measures against the Nazi propaganda campaign were needed. Accordingly, the Government launched a campaign of their own designed to unite all 'patriotic' Austrians in one organization, the Vaterländische Front. The citizens of the Austrian republic had not been conspicuous hitherto for their sense of patriotism, and indeed the widespread belief among Austrians that Austria was not 'viable' within her post-war frontiers had constituted one of the principal difficulties with which successive Austrian Governments—and external agencies, such as the League of Nations, which concerned themselves with Austrian affairs—had had to contend. In attempting to kindle patriotic feelings the Dollfuss Government did not disdain the use of methods of propaganda very similar to those of the Nazis. Parades and demonstrations, flags and uniforms, played their part in the campaign for the Vaterländische Front, as well as appeals to the people in the Press and in the speeches of members of the Government. The strongest stimulus, however, to the awakening national patriotism was probably afforded by the proceedings of the Nazis themselves and by the attitude of the German Government, which revived and strengthened the traditional Austrian dislike for what had been known in pre-Nazi days as the Prussian spirit.

The organization of the Vaterländische Front had not made much progress when the controversy between Vienna and Berlin entered upon a more acute phase in May 1933. At the beginning of May there were rumours that a Nazi rising might be expected at any moment and that Bavarian Nazis were prepared for an armed invasion across the frontier. The Austrian Government gave orders for the reinforcement of the frontier guard, and on the 4th May an order was issued which prohibited the wearing of party uniforms except by the Heimwehr and other members of the auxiliary police. A few days later it became known that the Nazis were planning a demonstration in Vienna for the 14th May—a day on which the Heimwehr had arranged to hold a parade in connexion with the celebration of the two hundred and fiftieth anniversary of the successful defence of Vienna against the Turks—and that Dr. Frank, the Bavarian Minister of Justice,

export trade by the negotiation of more favourable trade treaties with other countries (see p. 424, above) could have any appreciable effect upon the situation for many months to come. In the summer of 1933 a certain number of labour camps were established on the German model, and a scheme was under consideration for building roads on a large scale. The distress of the agricultural population was a matter of special concern to Dr. Dollfuss, who was himself of peasant origin, and who had been Minister for Agriculture before he became Chancellor; but the Government's attempts to relieve the situation by such means as special subsidies were not popular in industrial circles.

was among the German Nazi leaders who had been invited to attend the Nazi counter-demonstration. Since the incident created by Dr. Frank's broadcast speech of the 18th March had not been settled, the Austrian Government took strong exception to his visit—of which, moreover, no official notification was given. On the 13th May Dr. Frank arrived in Vienna by aeroplane, accompanied by Dr. Kerrl, the Reich Minister of Justice. On landing, they were met by the President of the Viennese Police, who informed Dr. Frank that his presence was not considered desirable by the Government, but that all precautions would be taken for his safety. Dr. Frank was allowed to address a meeting of Nazis in Vienna (which was attended by the German Minister in Vienna, Dr. Rieth), but he was warned to avoid political subjects. The meeting, and the rival Nazi and Heimwehr demonstrations on the 14th May, passed off without serious disturbances, though about a hundred Nazis were arrested.<sup>1</sup> Dr. Frank and Dr. Kerrl then went on to Graz, where Dr. Frank made a speech declaring that reprisals would be taken for the affront which had been put upon the German Government by the Austrian Government's treatment of two German Ministers. Thereupon the German Government were notified by the Austrian Minister in Berlin that Dr. Frank would be expelled from Austria if he did not leave the country without delay, and they retorted by instructing the German Minister in Vienna to enter a strong protest against the Austrian Government's attitude in the matter.

The immediate sequel to this affair was the announcement that the German Government had decided to impose a special visa fee of 1,000 Reichsmark, as from the 1st June, 1933, on all German subjects who wished to visit Austria. The declared reason for this step was to prevent the unpleasant consequences which might result for German Nazis who visited Austria wearing the uniform which Austrian Nazis had now been forbidden to wear, but the Austrian Government and the world at large put a different interpretation on the German Government's motives in thus terminating the lucrative German tourist traffic in Austria. It has been noted already that the German hope that this deliberate augmentation of Austria's economic distress would react to the advantage of the Nazis was largely disappointed, thanks to the unexpected degree of success which attended the Austrian Government's efforts to replace German visitors to Austria by visitors of other nationalities.

<sup>1</sup> There were also numerous arrests in the provinces, where clashes took place between Nazis and Heimwehr men engaged in celebrating the delivery of Vienna from the Turks.

The next development was the launching of a campaign of terrorism by the Austrian Nazis early in June. On the 11th June an attack was made on Dr. Steidle, the leader of the Tirolese Heimwehr, who was seriously wounded, and during the next few days a number of bombs were thrown in Vienna and in the provinces, resulting in considerable damage to property and some loss of life. There was also a good deal of tension on the frontier, and there were reports that Heimwehr men who were acting as frontier guards had been fired on from the German side. The Austrian authorities were satisfied that all the bombing attempts were committed by Nazis,<sup>1</sup> and more stringent measures were accordingly taken against them. Dr. Dollfuss was in London in the middle of June, attending the World Economic Conference, but Major Fey communicated with him by telephone, and on the 19th June, 1933—after a specially serious attack with bombs on a detachment of auxiliary police at Krems—the dissolution of the Austrian Nazi Party was ordered.<sup>2</sup> Before this final step was taken the police had carried out raids on Nazi premises in various centres, and a number of leaders had been arrested. The persons arrested included some German nationals, and among them was Herr Theo Habicht, Herr Hitler's 'Inspector for Austria'. An attempt had recently been made to secure diplomatic immunity for Herr Habicht by appointing him Press *attaché* to the German Legation in Vienna; but the Austrian Government had refused to recognize this appointment; and, in spite of protests, Herr Habicht was arrested and deported to Germany. By way of retaliation, the Austrian Press *attaché* at the Legation in Berlin, Dr. Wasserbäck, who had held his post for several years, was arrested during the night of the 13th June, and though he was released next day the Austrian Minister was informed that he was no longer *persona grata* to the German Government.

The campaign of terrorism did not cease after the dissolution of the Nazi party in Austria, though for a time the outrages were of a less serious nature and consisted mainly of minor acts of sabotage, such as the cutting of telephone wires, which were apparently designed to promote a feeling of unrest among the Austrian people and to discourage foreigners from visiting the country. The propagandist

<sup>1</sup> Evidence was also gradually collected which proved that a considerable proportion of the weapons and explosives used in the campaign of terror in 1933 and 1934 was of German origin. Some of this evidence was set out in the Brown Book *Beiträge zur Vorgeschichte und Geschichte der Julirevolte*, pp. 44–6.

<sup>2</sup> The text of the decree prohibiting the National Socialist Party from carrying on any activities in Austria will be found in *Documents on International Affairs*, 1933.

activities of the party were also continued to some extent by the 'underground' methods which Communists had made familiar in other countries,<sup>1</sup> and from July onwards the method of painting or cutting swastikas in conspicuous places became specially popular. The centre of activity, however, had now obviously been transferred to Bavaria, which provided a haven of refuge for Austrian Nazis who had taken part in bombing attacks or who had brought themselves to the notice of the Austrian authorities in other ways.<sup>2</sup> The headquarters of the Austrian Nazi organization was established at Munich, and the campaign against the Austrian Government was directed more or less openly from the Bavarian capital.

The propaganda campaign was conducted through the channel of the German press (which was, of course, under strict censorship) and also in more objectionable, if more original, ways. On the 5th July, 1933, it was announced from the Munich broadcasting station that there was to be a regular series of talks designed to keep listeners in Germany and Austria informed in regard to the position in Austria. The first talk in the series was given on the same day by Herr Habicht, who used insulting language in his references to the Austrian Government and called upon the Austrian people to carry on the struggle against Dr. Dollfuss and his colleagues.<sup>3</sup> Neither the repeated protests from the Austrian Government nor the representations of the Great Powers availed to prevent the carrying out of this programme of broadcast propaganda, although it was obviously within the power of the Government of the Third Reich to put an end to it at any moment.<sup>4</sup> Between the 5th July, 1933, and the 19th February, 1934,<sup>5</sup> there were eighty-four speeches broadcast from Munich or one of the other German stations which dealt with the Austrian question in a more or less provocative manner. Herr Habicht alone was responsible for twenty-one such speeches.

On the 14th July, 1933, there occurred the first instance of another method of disseminating propaganda across a frontier which was an even more striking breach of international good manners. On that

<sup>1</sup> A description of these underground activities is given on pp. 9-10 of the Austrian Brown Book *Beiträge zur Vorgeschichte und Geschichte der Julirevolte*.

<sup>2</sup> For the organization of these refugees into an Austrian Legion, see pp. 448-9, below.

<sup>3</sup> Extracts from Herr Habicht's speech will be found in *Documents on International Affairs*, 1933, pp. 387-8.

<sup>4</sup> By a decree of the 30th June, 1933, the German Ministry for Propaganda had been made responsible for all broadcasting, which was thus virtually a state undertaking.

<sup>5</sup> The day on which Herr Habicht offered a week's 'armistice' to the Austrian Government (see p. 467, below).



day an aeroplane crossed the frontier from Bavaria and dropped leaflets over Salzburg containing personal abuse of Dr. Dollfuss and incitements to the Austrian Nazis to continue their struggle against the Government. Similar 'air-raids' took place at intervals during the next few weeks, and the protests which the Austrian Government made in Berlin were met either by a denial that the facts as stated had come to the knowledge of the German authorities or by indefinite promises that the authorities would 'do their best' to prevent the recurrence of such incidents. One Austrian protest, on the 1st August, was officially reported<sup>1</sup> to have elicited a frank avowal from an official in the German Foreign Office that the German National Socialist Party did not look upon Austria as a foreign country and that Nazi propaganda would only cease when the Austrian Government decided to hold elections and thus give the Nazis the opportunity to prove their strength.

(e) THE DÉMARCHES BY THE GREAT POWERS AND THE INCREASE  
IN AUSTRIA'S ARMED FORCES (JULY–AUGUST 1933)

The continuance of propagandist 'air-raids' in spite of Austrian protests caused the European Great Powers to decide that the time had come to intervene. The Austrian Government's struggle against the Nazis had been watched by other European countries from the beginning with sympathy and concern; and the fact that the maintenance of Austrian independence was a common interest of France and Italy—who in other matters did not always see eye to eye on Central European questions—gave the Austrians reason to hope that an appeal for help would not go unanswered. Dr. Dollfuss was in fact believed to have obtained assurances of support from Signor Mussolini in April 1933 before the tension between Austria and Germany became acute. The entry of the Heimwehr into the Government Coalition in May 1932 and the gradual increase in their influence during the next ten months had helped to prepare the ground for the establishment of closer relations between the Austrian and Italian Governments, for the Heimwehr frankly took Italian Fascism as their model, and Prince Starhemberg and other Heimwehr leaders were in close personal touch with prominent Fascists. The Heimwehr were also commonly believed to be financed to a large extent by Italian subsidies. Dr. Dollfuss had a cordial reception when he went to Rome for Easter in 1933, and he carried away the conviction that the course on which his Government was set had the approval of the Pope as well as of Signor Mussolini. One of the principal objects of

<sup>1</sup> See the Brown Book, p. 29.

his visit was to lay the foundations for a concordat between Austria and the Holy See, and he found no lack of sympathy for his difficulties at the Vatican, where the possibility that Austrian Catholics might fall under Nazi political domination was regarded with serious concern. Dr. Dollfuss's conversations with Signor Mussolini opened the way for the negotiations which resulted in the signature of the Italo-Austro-Hungarian Pact of the 17th March, 1934. These negotiations are dealt with elsewhere,<sup>1</sup> and here it is only necessary to note that the Austro-Italian conversations in April 1933 marked a definite stage in an Italian attempt to deal with the problem of Austria's political and economic future on constructive lines. In the meantime, Signor Mussolini's attitude on the question of Austro-German relations was made sufficiently clear by his public actions and utterances: for instance, by the pointed references to the prosperity and future of the Austrian Republic which he made in proposing a toast at a banquet offered to Dr. Dollfuss. The significance of such gestures was increased by the fact that Dr. Dollfuss's visit to Rome coincided with a visit from Herr von Papen<sup>2</sup> and Captain Göring, who were thus left in no doubt that the idea of a union between Austria and Germany was no more acceptable to the head of the Italian Government under the name of *Gleichschaltung* than it had been under the name of *Anschluss*. Further proofs of Italian readiness to help Austria were given during a second visit which Dr. Dollfuss paid to Rome at the beginning of June 1933 for the signature of the concordat with the Vatican, when he received a promise that the Italian Government would arrange without further delay for the issue of the Italian *tranche* of the international loan which had been granted to Austria in principle in July 1932.<sup>3</sup>

The attitude of the French Government was at first somewhat more hesitant, and there were indications of a desire to test Dr. Dollfuss's will and ability to maintain Austria's independence before committing France to the support of the Austrian Government. As late as the beginning of May 1933 Monsieur Paul-Boncour, who was Foreign Minister at the time, remarked in the Chamber that it would be well to postpone the decision regarding the issue of the French *tranche* of the international loan until it was certain that the Austrian Government's internal position was strong enough to guarantee the maintenance of independence. French hesitation was no doubt attributable

<sup>1</sup> In section C (ii) of this part of the present volume.

<sup>2</sup> Dr. Dollfuss was reported to have had an interview with Herr von Papen, and to have expressed the hope that all foreign political pressure upon Austria would cease.

<sup>3</sup> See p. 421, above.

in part to the fear that Austria might break with Germany only to become the vassal of Italy, but apprehensions on this score were lightened by the improvement in Franco-Italian relations, which made the prospect of an increase in Italian influence in Central Europe much less distasteful to French minds than it had been in the past.<sup>1</sup> After the events of May 1933, when the friction between Berlin and Vienna reached a point at which a breach of diplomatic relations might well have taken place, French opinion became noticeably more friendly towards Austria, and by the middle of June it was clear that the French Government had decided to give Dr. Dollfuss's Government financial and moral support. Dr. Dollfuss scored a personal triumph when he attended the opening of the World Economic Conference in London in the second week of June, and he was successful not only in securing promises of the early issue of the international loan but also in obtaining support for his campaign to encourage foreign travellers to visit his country. The picture of gallant little Austria standing up to her bullying neighbour was painted in glowing colours by the British Press, and the British Government formally aligned themselves with the Governments of France and Italy when Mr. Eden declared in the House of Commons on the 21st June, 1933, that the Austrian Chancellor had the sympathy of His Majesty's Government and of public opinion 'in his efforts to establish the finances of Austria on a sound basis and to maintain the authority and independence of the state'. The issue of the international loan, which finally took place in August 1933, greatly strengthened the Austrian Government's hands in dealing with their political troubles, besides enabling them to make a real advance towards the restoration of their finances.<sup>2</sup>

During the summer months there were rumours from time to time that the Austrian Government were contemplating an appeal to the League of Nations on the subject of Nazi propaganda. This course was regarded with disfavour by the Great Powers, especially by Italy, and by the beginning of August the alternative of diplomatic intervention in Berlin was engaging attention in London, Paris and Rome, and views were being exchanged as to what action the three Governments could most usefully take. The Italian Government, whose relations with the German Government were still comparatively cordial, had made friendly representations in Berlin before the end of July, pointing out the bad impression which was being created by the German Government's failure to put a stop to the

<sup>1</sup> See the present volume, pp. 328-31, 350-1, above.

<sup>2</sup> See pp. 421-5, above.

active Nazi propaganda against the Austrian Government. Signor Mussolini believed that his influence would prevail upon Herr Hitler to restrain the zeal of his followers, and he was anxious that his efforts should not be prejudiced by an appearance of concerted pressure upon Germany from the Great Powers. Any idea of a joint *démarche* was therefore abandoned, and the French and British Governments decided to support the action already taken by Italy by instructing their representatives in Berlin to take up the matter informally with the German Foreign Office. The French Ambassador and the British *chargé d'affaires* were received separately at the Wilhelmstrasse on the 7th August; but before that date information had been received to the effect that the Italo-German conversations had elicited an assurance from the German Government that they would do their best to put a stop to the dissemination of propaganda by wireless and by aircraft. The German Government were also said to have expressed disapproval of the acts of terrorism which had taken place in Austria, and to have declared that they could not be held responsible for such acts. In the light of this information, French and British official circles were not inclined to attach undue importance to the fact that the French and British diplomatic representatives met with a rebuff when they called attention, in a friendly manner, to the Austrian grounds for complaint. The German Government were reminded that they had undertaken in Article 80 of the Versailles Treaty to respect the independence of Austria, and it was pointed out that their failure to prevent the continuance of anti-Austrian propaganda appeared to the other signatories of the Four-Power Pact of the 7th June, 1933,<sup>1</sup> to be inconsistent with the spirit of the Pact as well as with established international usage. According to the account of the interviews which appeared in the German press, Herr von Bülow, who received the French and British representatives, refused to admit that the terms of the Four-Power Pact could properly be invoked, denied that there had been any infraction of the Versailles Treaty, and declared that the German Government could not admit any foreign intervention in the Austro-German dispute. In London, and to a lesser degree in Paris,<sup>2</sup> there was a disposition to attach little importance to this description of a German

<sup>1</sup> For the Four-Power Pact, see the *Survey for 1933*, Part II, section (ii), and *Documents on International Affairs*, 1933, pp. 240-9.

<sup>2</sup> French comment was more sceptical than British comment as to the value of polite assurances given behind closed doors, but the French Government, like the British Government, were desirous of giving the German Government every chance to redeem the promise which they were understood to have made.

official rejecting French and British interference, which was considered to be highly coloured for home consumption; and the fact that Herr von Bülow had contested certain of the Austrian accusations in detail, taken in conjunction with the assurances which were understood to have been given to Italy, was thought to hold out some hope of an improvement. What mattered, it was felt, was not the impression which the German Government were trying to give to their own people, but the extent to which they permitted anti-Austrian activities to continue. The Austrian *chargé d'affaires* in London was reported to have called at the Foreign Office on the 8th August and to have been informed that the German Government had promised the Italian Government to do their best to put an end to the incidents which had been the subject of complaint, and that the British Government believed that this undertaking would be fulfilled.

The sequel disappointed these hopes. The 'air-raids' did indeed cease after the Great Powers' *démarches*, but on the 9th August Herr Habicht delivered another broadcast attack on the Austrian Government from Munich, in the course of which he declared that the representations made by the Great Powers in Berlin would not have the slightest effect on the propaganda campaign---which did, in fact, continue with undiminished vigour. The truth appeared to be that the Powers had underestimated the importance of the part which the *Gleichschaltung* of Austria played in the Nazi programme. The victory of the Nazi movement in Austria was a matter in which the personal prestige of Herr Hitler, as well as the prestige of the movement as a whole, was felt to be at stake. To unite Austria with Germany would greatly enhance Nazi prestige because it would mean that Herr Hitler had scored a success in a field in which his predecessors had conspicuously failed; and the blow to that prestige would be correspondingly serious if this item of the Nazi programme were abandoned under pressure from foreign Powers. It remains a matter for conjecture to what extent, if at all, considerations of long-range policy entered into the minds of Herr Hitler and his associates, but it is probable that it was the immediate effect upon their own followers and upon other Germans who were still holding out against the Nazi advance which weighed most heavily with them in deciding to ignore the recommendations not only of France and Great Britain but also of Italy. Whatever his motives, Herr Hitler can hardly have failed to realize that his behaviour was calculated to alienate the only Great Power which had shown any inclination to give its moral support to the Third Reich. There was a tendency in Italy at first to attribute the failure of the Powers' intervention to a lack of tact on

the part of Great Britain and France and to recall that Signor Mussolini, too, had had his difficulties with over-zealous followers; but when the continued exercise of Italian powers of persuasion during the second half of August failed to produce any change in the situation the rebuff could no longer be denied. Any resentment which Signor Mussolini felt at having his advice flouted in so marked a manner was not indeed translated into action at this stage, and so far as the immediate sequel was concerned the German Government may well have thought themselves justified in their faith in the saving irresolution of the Great Powers. When the anti-Austrian broadcasts from Munich continued with a frequency and regularity which made it impossible to believe that the authorities in Berlin were even attempting to restrain Herr Habicht, the situation was discussed again between the Great Powers, and the French and British Governments appear to have decided to leave further initiative in the matter to Signor Mussolini. On the 19th August Dr. Dollfuss had another interview with Signor Mussolini at Riccione, at which the situation of Austria was discussed in all its bearings. The Riccione conversations marked another step forward in the direction of an Italo-Austro-Hungarian alliance,<sup>1</sup> and the *communiqué* which was issued after the discussions had come to an end laid stress on the complete understanding between the two Governments in regard to the maintenance of Austrian independence. This was interpreted as another warning to Germany to mend her ways in regard to Austria, and it was accompanied by a renewal of the attempt to bring Italian influence to bear on Berlin through the medium of friendly conversations. The continuance of the broadcast propaganda in despite of Signor Mussolini's persuasions did not lead to any further *démarches* from the Great Powers, and the only definite contribution which they made towards helping Austria to cope with her immediate difficulties consisted in acceding to a request for permission to increase the Austrian armed forces.

The Austrian Government had already made considerable additions to the defensive forces at their disposal by calling up army recruits and by allowing members of the Heimwehr and other 'patriotic' associations to act as auxiliary police,<sup>2</sup> but by the beginning of August they felt that further reinforcements were necessary. Any permanent addition to the police and the gendarmerie, however, was considered to be out of the question for financial reasons, and the possibility of

<sup>1</sup> See section C (ii) of this part of the present volume.

<sup>2</sup> See pp. 431 n., 437, above. The recruiting of an additional company of auxiliary police had been authorized by the Cabinet at the beginning of July 1933.

raising the permanent strength of the Federal Army, which now stood at about 22,000, to the limit of 30,000 permitted by the Treaty of St. Germain was also dismissed as too expensive, since the Treaty had stipulated that the Austrian Army should consist only of long-service men. Accordingly the Austrian Government decided to ask permission to recruit a special auxiliary military corps for the period of one year, with the possibility of prolonging the period by agreement before its expiry. This militia force would be required 'to take part in the maintenance of internal order and security, to lend its assistance in case of upheavals and serious accidents, and to co-operate in the frontier police service'.<sup>1</sup> The Austrian Government proposed that the combined strength of the militia and the Federal Army should not exceed the figure of 30,000 at any given time, but the period of service in the militia was normally to be six months and was never to exceed twelve months, so that a large reserve of trained men would be created if the arrangement was continued for any length of time. This proposal was discussed with the other signatories of the St. Germain Treaty during August 1933, and after due consideration the concession for which Austria asked was granted. The arrangement was confirmed in exchanges of notes between the Austrian Government and the principal Governments concerned at the end of August. Proposals from Germany that she should be allowed to enlist a militia force in addition to her standing army had been considered and rejected from time to time by the Disarmament Conference,<sup>2</sup> and the concession of the principle that long-service and short-service armies might exist side by side was made to Austria explicitly on the ground of her 'special circumstances'—in particular, of 'the terrorist campaign conducted against the present Government'.

(f) THE AUSTRIAN GOVERNMENT AND THE NATIONAL SOCIALISTS  
(AUGUST 1933–FEBRUARY 1934)

An explanation of the Austrian Government's decision that this increase in their armed forces was necessary was to be found in the disquieting reports which were reaching Vienna regarding the organization of the Austrian Nazis who had escaped over the frontier into Bavaria. By the middle of August 1933 there were believed to be between 5,000 and 6,000 of these refugees collected in camps not far from the frontier, and their numbers were increasing daily.<sup>3</sup> The

<sup>1</sup> See the note dated the 30th August from the Austrian Government to the British Government (text in *The Times*, 4th September, 1933).

<sup>2</sup> See the *Survey for 1932*, p. 261; the *Survey for 1933*, p. 238.

<sup>3</sup> Some estimates put the number of refugees as high as 13,000 at the end

information which reached the Austrian Government, and which was confirmed by the reports of individual refugees who returned to Austria and fell into the hands of the police, was to the effect that the Austrian Nazis were being organized into an Austrian Legion, and were receiving definite military training. According to these reports, the members of the Legion were wearing the uniform and equipment of members of the Nazi S.A., and they were being trained in the use of rifles, machine guns and hand grenades. In the middle of September the Austrian Government protested through their representative in Berlin against the military training of the Austrian Legion. They were told in reply that the information which had reached them was entirely without foundation and that the refugees were merely assembled in labour camps in the interests of public order. This answer did not dissipate the suspicion that a Nazi *coup* was in preparation which would be supported by an armed incursion from across the frontier. The tension was increased during the summer and autumn of 1933 by numerous incidents on the frontier, and the Austrian frontier guards were strongly reinforced at the end of August, after the sensational rescue from prison and escape into Italy of a Nazi leader named Hofer who had been concerned in the attack on Dr. Steidle in June.

While Nazi propaganda continued to be broadcast from Munich and showed no signs of flagging in Vienna and the provinces, outrages committed by Nazis were of less frequent occurrence during the summer months, and the public meetings and festivities which took place in Vienna in the middle of September in connexion with the German Catholic Congress and the commemoration of the delivery of Vienna from the Turks were not marred by serious disturbances. Arrests of suspected persons continued, however; and at the end of September the Government decided to open concentration camps in which 'enemies of the state' could be confined. On the 3rd October a new series of acts of violence began with an attack on Dr. Dollfuss by a young man whose membership of the Nazi Party was proved to the satisfaction of the police. Two shots from a revolver were fired at the Chancellor at close quarters, but his injuries were only slight, and the incident reacted in the Government's favour by rallying public opinion to their support. At the same time, there were Nazi activities in Styria which were said to have been prevented only of August, but not all of those who had reasons for leaving Austria would be suitable for incorporation in the Legion. Between the middle of August and the first week in December 1933 over 2,000 Nazi fugitives were deprived of their Austrian citizenship. At the time of the Nazi *Putsch* in July 1934, the strength of the Austrian Legion was generally estimated to be about 15,000.



by the vigilance of the police from developing into a dangerous rising. Further outrages and acts of sabotage took place during October, and the fear that more serious disturbances might occur on the 12th November (on which day would fall both the elections in Germany<sup>1</sup> and the anniversary of the foundation of the Austrian Republic) led the Government to take further measures for public security. On the 10th November a decree was issued proclaiming martial law, in order that the death penalty, which had been abolished in Austria in 1919, might be reintroduced for the crimes of murder, arson and public violence.

While the Austrian Government thus armed themselves with additional powers which could be used against the Nazis, they did not neglect the possibility of relieving the situation by coming to an understanding with Germany. Dr. Dollfuss had never ceased to proclaim his desire for the re-establishment of friendly relations with Germany, though he had made it clear that such relations must depend upon the cessation of all German interference in Austrian affairs. In a speech which he delivered at a big patriotic demonstration at Innsbruck on the 29th June, 1933, Dr. Dollfuss had dealt with the question of Austro-German relations and had mentioned that this was the fifth occasion on which he had publicly declared his desire for a reconciliation with Germany. Moreover, certain of the Chancellor's supporters made no secret of their anxiety to bring the feud to an end. The members of the Landbund, which formed part of the Government Coalition, were generally in favour of a settlement with Germany, and Dr. Winkler, a member of the party who was Vice-Chancellor from May 1932 to September 1933, constantly advocated a *rapprochement* with Germany in his public speeches. At the end of May 1933 Dr. Dollfuss let it be known<sup>2</sup> that, at Dr. Rintelen's request, he had twice received Herr Habicht before his expulsion from Austria, but that he had rejected the proposals which the Nazi leader made for the formation of a Nazi-Christian Social coalition which would hold new elections but would remain in office whatever the results of the poll. In the autumn of 1933 further negotiations took place, again on a Nazi initiative. On the 10th September Herr Habicht outlined in a broadcast address the terms of a settlement with the Austrian Government which would be acceptable to the National

<sup>1</sup> For the significance of these elections in Germany see the *Survey for 1933*, pp. 148-9 and 221-2.

<sup>2</sup> The announcement was in answer to a statement by Herr Habicht, who had declared that the Christian Social leaders had recently approached the Nazis with the offer of two portfolios in the Government if they would withdraw their insistence on the holding of elections.

Socialist Party. These terms were that the Austrian Nazis' rights as a political party should be fully restored; that all measures against the leaders and members of the party should be withdrawn; that they should be given immediate representation in the Cabinet in proportion to the party's strength; and that elections should be held without delay and a new Government formed in accordance with the verdict of the polls. Two days later the German Minister in Vienna approached Dr. Dollfuss and asked for his views on the possibility of coming to an understanding. The Chancellor replied that he much regretted the conflict with Germany and would welcome any steps that could be taken to bring it to an end. His conditions for a settlement were that all unfriendly acts against Austria must cease, that Germany must recognize Austria's free and independent status and her right to self-determination, and that Germany must also recognize that the Austrian Government could not permit the existence of a political party which took its directions from abroad.<sup>1</sup>

The terms of settlement put forward respectively by the Nazi Inspector for Austria and the Austrian Chancellor did not appear to cover much common ground, but the attempt to promote a *détente* continued during the autumn, through the medium of conversations between private persons who were in touch with the authorities in Austria and in Germany. In December it was suggested to Dr. Dollfuss that the efforts to come to an understanding would have a better chance of success if conversations between himself and Herr Habicht could be arranged. Dr. Dollfuss let it be known that he would not refuse an interview to Herr Habicht, in spite of the part which he had been playing in the struggle, if he could be certain that Herr Habicht was entering into these negotiations with Herr Hitler's knowledge and consent and that he had authority to conclude a settlement. An assurance that Herr Habicht could be considered as the Führer's representative in the proposed negotiations was given to the Austrian Minister in Berlin by the German Minister for Foreign Affairs, and an interview between Dr. Dollfuss and Herr Habicht was arranged for the 8th January, 1934. In the meantime, however, a new series of Nazi outrages had begun in Austria, and these continued up to the eve of the day fixed for the conversations with Herr Habicht. The Chancellor decided<sup>2</sup> that it was impossible to negotiate with a Nazi emissary in these circumstances, and Herr Habicht, who

<sup>1</sup> See the Brown Book, *Beiträge zur Vorgeschichte und Geschichte der Juli-revolte*, pp. 47-8.

<sup>2</sup> On the advice, it was said, of Major Fey. Dr. Dollfuss himself was believed to have been in favour of going on with the negotiations.

had received a free pass to enable him to come to Vienna by aeroplane, was turned back when he was actually over Austrian territory. One of his companions, Erbprinz Josias zu Waldeck-Pyrmont, an official of the German Foreign Office, continued on his way to Vienna, and on the night of the 11th-12th January he was present at a meeting in the house of Herr Frauenfeld (a Viennese Nazi leader who at Christmas had been released on parole from a concentration camp) which was broken up by the police. Among the other persons present at this meeting was Count Alberti, the leader of the Lower Austrian Heimwehr. The discovery that Count Alberti was in touch with the Nazis, and his arrest on that account, caused a considerable sensation. Prince Waldeck, who was found to be in possession of a duplicated copy of the pass given to Herr Habicht, was conducted by police officials to the German Legation, and returned to Germany on the 12th January. The explanation that Prince Waldeck's visit to Herr Frauenfeld was of a private nature was rejected by the Austrian authorities, who declared themselves convinced by this incident that attempts to come to an understanding with the German Government were mere waste of time so long as the Nazis were permitted to continue their campaign to overthrow the Austrian Government.

The announcement that the police had found a number of prominent persons in consultation at the house of a Nazi leader gave rise to rumours that a dangerous conspiracy had been discovered. During the first ten days of January outrages had been reported at the average rate of twenty a day. They were not generally of a serious nature and were not accompanied by any loss of life, but the Government seem to have feared that the first anniversary of Herr Hitler's assumption of office on the 30th January, 1934, might be the occasion for an attempt at a *Putsch*, to which the new outbreak of violence was merely the prelude. Accordingly, the Government ordered additional measures of defence, and on the 11th January, 1934, Major Fey was appointed to the supreme control of all the executive forces in order to co-ordinate measures for dealing with outrages and disturbances. The Government decided at the same time to address another protest to the German Government on the subject of German support of the Austrian Nazis and to accompany their protest by a warning that if the German response was not considered satisfactory the Austrian Government would feel obliged to bring the matter before the League of Nations.

On the 17th January the Austrian Minister in Berlin made a verbal protest in which the Austrian Government's grounds of complaint against the German Government were recapitulated. The undoubted

German origin of much of the propaganda material and of the munitions which had been seized by the Austrian police, and the meeting at which Prince Waldeck was present, were mentioned in support of the conclusion that the activities of the Austrian Nazis were known to and approved by the German authorities. The continuance of anti-Austrian broadcasts from Munich and of attacks on the Austrian Government in the German press were mentioned, as well as the continued presence of the Austrian Legion close to the Bavarian frontier, and the German assurances regarding the harmless nature of that organization were declared to be inconsistent with trustworthy information in the Austrian Government's possession. Reference was also made to the existence of a political organization of Austrians living in Germany which was known as the 'Kampfring' and which was believed by the Austrian Government to be virtually a branch of the German National Socialist Party. Since attempts to solve the conflict between Austria and Germany by direct negotiations had broken down, the Austrian Government had decided to appeal to the League of Nations unless the German Government gave adequate assurances that they would accede to the Austrian demand for the cessation of the campaign which was being carried on by the Austrian Nazis with German support.

The German Government's reply to this protest, which was not delivered until the 1st February, denied that there had been any interference in Austrian internal affairs and declared that any forcible intervention or violation of treaty obligations was far from German intentions. The separate heads of complaint in the Austrian note were dealt with by a denial of the facts alleged. Thus the German note declared that the members of the Austrian Legion were not concentrated near the frontier and that the reports of their military training were entirely false; that accusations against German officials or members of the German National Socialist Party of participating in the smuggling of explosives or propaganda material into Austria had been investigated and proved to be without foundation, though it was admitted that isolated instances of such smuggling might occur; and that the Kampfring—which was said to be an association of Austrians who desired to organize themselves on a National Socialist basis—had received no support from the German authorities. On the question of the broadcasting and Press campaigns, the German note passed over to the attack, and complained that propaganda against the new Germany was constantly appearing in the Austrian press. In conclusion, the German Government expressed the opinion that the problem of the relations between the Austrian Nazis and the

Government at Vienna was a domestic one which was not suitable for international settlement, and that if the Austrian Government seriously intended to refer the matter to the League of Nations they must assume the full responsibility for their action.

(g) THE THREE-POWER DECLARATION ON AUSTRIAN  
INDEPENDENCE, 17TH FEBRUARY, 1934

Meanwhile, before the German reply to the Austrian protest had been delivered, the Austrian Government had taken steps to ascertain the views of the Governments of France, Great Britain and Italy in regard to the desirability of referring the question to the League of Nations. The French Government appeared to be in favour of this course, which also met with the approval of the Czechoslovak Government; and reports that the British Government were attempting to discourage the Austrian Government from appealing to the League were officially denied.<sup>1</sup> Signor Mussolini, however, continued to dislike the idea of a discussion of Austro-German relations at Geneva, and the close contact which was now being maintained between Vienna and Rome<sup>2</sup> gave his influence additional weight. The Austrian Cabinet, having decided that the German reply to the Austrian protest was unsatisfactory, authorized the Chancellor to refer the question to the League of Nations at his discretion, but Dr. Dollfuss found reason to postpone this definite step. Instead, the dossier which had been prepared for transmission to Geneva, and which contained the evidence in the Austrian Government's possession of German complicity in the Nazi campaign, was communicated to the Governments of France, Great Britain and Italy on the 8th February. The exchange of views between the three Governments which followed was hampered by the internal crisis in France,<sup>3</sup> and difficulty was also experienced in reconciling the Italian desire for some definite action in support of Austria—such as the announcement that the three Great Powers were prepared jointly to guarantee her independence—with the reluctance of the British Government to commit themselves too far. The British Government's attitude was indicated in the reply which they made on the 9th February to

<sup>1</sup> By Mr. Eden, in answer to a parliamentary question in the House of Commons at Westminster on the 30th January, 1934.

<sup>2</sup> Signor Suvich, the Italian Under-Secretary for Foreign Affairs, visited Vienna on the 18th–20th January, 1934, in connexion with the negotiations for the Italo-Austro-Hungarian Pact (see section C (ii) of this part).

<sup>3</sup> Monsieur Daladier had resigned the office of President of the Council on the 7th February as a result of the serious rioting which had occurred in Paris on the previous day. Monsieur Doumergue formed his Cabinet on the 9th February.

the Austrian Government's communication regarding the documents on which an Austrian appeal to the League would be based.

The integrity and independence of Austria [declared the British *aide mémoire*]<sup>1</sup> are an object of British policy, and while His Majesty's Government have no intention whatever of interfering in the internal affairs of another country, they fully recognize the right of Austria to demand that there should be no interference with her internal affairs from any other quarter.

The British Government were reported to have taken the view that this recent statement of their intention to uphold the independence of Austria made it unnecessary for them to take any further steps in the matter; but their objections were waived in consideration of the importance attached by the Italian Government to combined action by the three Powers. Agreement was finally reached on the terms of a joint declaration which was made public on the 17th February, and which ran as follows:

The Austrian Government has inquired of the Governments of France, Great Britain and Italy as to their attitude with regard to the dossier which it has prepared with a view to establishing German interference in the internal affairs of Austria and communicated to them. The conversations which have taken place between the three Governments on this subject have shown that they take a common view of the necessity of maintaining Austria's independence and integrity in accordance with the relevant treaties.

By issuing this joint declaration the Powers assumed no fresh commitments in regard to Austria and gave no guarantee of other than diplomatic support. The declaration was drafted in such a way as not to prejudice an Austrian appeal to the League of Nations, and France and Czechoslovakia were believed to be still in favour of that course. Italian press comments on the joint declaration pointed out that this was the first occasion since the War on which France, Great Britain and Italy had publicly proclaimed their community of views on an important issue. Italian hopes that the establishment of a common front between the three Powers on the Austrian question would have a permanently restraining influence on German policy which would render recourse to Geneva unnecessary were hardly justified by subsequent developments; but the events which had been taking place in Austria while the declaration was in preparation were followed by a temporary relaxation of Nazi activities, and the question of an Austrian appeal to the League lapsed for the time being.

<sup>1</sup> The text of the British reply was read to the House of Commons at Westminster by Sir John Simon on the 13th February, 1934.

(h) THE SUPPRESSION OF THE SOCIALISTS (FEBRUARY 1934)

In February 1934 Austria passed through the first of the two dramatic crises which marked out the year 1934 as the culminating point of a long tragedy. The bitterly fought-out struggle between Socialist and Government forces in Vienna shocked public opinion throughout the world, but many observers saw in it the inevitable outcome of political developments in Austria since Dr. Dollfuss had formed his first Government in May 1932. It has been indicated<sup>1</sup> that the admission of the Heimwehr into the Government Coalition in May 1932 made it more improbable than ever that the traditional rift between the Social Democrats and the Christian Socials would be bridged over in order to permit of a widening of the basis of support for the Government. The Social Democrats remained in opposition, and as the months passed it became increasingly clear that the repressive measures which were being taken by the authorities were directed against the Socialists no less than against the Nazis. Thus Social Democrats and Communists as well as National Socialists were forbidden towards the end of October 1932 to hold political meetings or demonstrations,<sup>2</sup> and in February 1933 searches for arms were carried out by the police in Socialist quarters of Vienna. After the suspension of Parliamentary Government in March 1933,<sup>3</sup> the Socialists, Communists and Nazis all suffered alike from the application of emergency decrees restricting their activities. The Social Democrat Press was subjected to strict censorship, and the public sale of their principal organ the *Arbeiter-Zeitung* was prohibited from time to time. At the end of March the Heimwehr leader Prince Starhemberg, in a public speech at Innsbruck, demanded as a condition of the continued collaboration of the Heimwehr with the Government the disbandment of the Socialist semi-military association, the Schutzbund, and the replacement of the principal Socialist civic officials in Vienna by State Commissioners. On the 31st March, 1933, the Government ordered the dissolution of the Schutzbund, on the ground that members of that association had recently been in conflict with state forces, and that documentary evidence had been found which proved that the Schutzbund in the Tirol were planning armed resistance to the Government. The Socialist demonstration which customarily took place on 'Labour Day', the 1st May, was prohibited, and the alleged discovery of a Communist plot for a rising on that day was given as the ground for the arrest of some hundreds of persons throughout the country and the issue of a decree declaring

<sup>1</sup> See pp. 429-31, above.

<sup>2</sup> See p. 432, above.

<sup>3</sup> See p. 435, above.

the Communist Party illegal. It will be noticed that these measures against the parties of the Left preceded by some weeks the dissolution of the Austrian National Socialist Party on the 19th June, 1933.

The restrictions which the Government placed upon the activities of the Austrian Social Democrat Party did not prevent the Socialist leaders from recognizing that they would be even worse off under a Nazi régime, and during the spring of 1933 they went so far as to offer their support to Dr. Dollfuss at the price of a restoration of some form of parliamentary government. Negotiations on this basis seem actually to have been in train in March 1933; but the advantages of the semi-dictatorial régime, combined with the fear of driving the Heimwehr and the right wing of the Christian Social Party into the arms of the Nazis, outweighed in Dr. Dollfuss's mind the advantages which his Government might derive from coming to terms with the party which was still numerically the most important in the state.<sup>1</sup> In the middle of March, Dr. Dollfuss was reported to have told a meeting of his Christian Social supporters that the Nazis could not be fought with Socialist help, and in June he informed a representative of *The Manchester Guardian* that the Austrian Socialists were an extremist party with whom the Government could not collaborate. The Chancellor also made it clear that there was no intention of returning to parliamentary government on the old lines. Early in May 1933 he announced that a new Constitution would shortly be drawn up, under which the functions of the National Assembly would be taken over by new bodies organized on a corporative basis. In the middle of July Dr. Ender, a former Chancellor who was at that time Governor of Vorarlberg, was appointed Minister without portfolio and was entrusted with the task of drawing up a new Constitution. On the 9th September Dr. Dollfuss addressed the Catholic Congress which was taking place in Vienna on the occasion of the five hundredth anniversary of the foundation of St. Stephen's Cathedral, which coincided with the official celebration of the two hundred and fiftieth anniversary of the successful defence of Vienna against the Turks. On the 11th September the Chancellor spoke at a rally of the Vaterländische Front which formed part of the celebrations of these two anniversaries. In his two speeches Dr. Dollfuss gave his hearers some account of the progress which was being made in the reform of the Constitution, and explained that

<sup>1</sup> In the summer of 1933 it was estimated that the Socialist Party had still about 1,400,000 adherents, whereas Dr. Dollfuss's Vaterländische Front probably comprised about 1,300,000 members. A petition organized by the Socialists asking for the restoration of Parliamentary Government received over 1,000,000 signatures.



the new Constitution would be based on the corporative principles laid down in the Papal Encyclical *Quadragesimo Anno* of the 23rd May, 1931, in which Pope Pius XI had denounced both Socialism and plutocracy, and had advocated government by means of a corporative system inspired by justice and charity. The announcement that Austria was to be transformed into a Christian corporative state in accordance with the Pope's recommendations cemented the alliance which already existed between the Catholic Church in Austria<sup>1</sup> and Dr. Dollfuss's Government—an alliance which was of great assistance to the Chancellor in his efforts to combine in one 'patriotic' movement all the elements in the state which were opposed to National Socialism.

The rally of the Vaterländische Front on the 11th September, 1933, demonstrated the growth of the 'patriotic' movement and the extent to which Dr. Dollfuss had consolidated his personal position; but the community of views between the different sections to which the Chancellor looked for support still left much to be desired. The right wing of the coalition, represented by the Heimwehr, was in favour of the extirpation of 'Marxism', energetic measures against National Socialism, and the adoption of Fascist methods of government on the Italian model. The left wing, consisting of the agrarian party which looked to Dr. Winkler, the Vice-Chancellor, as its leader, held democratic views, and though it was in favour of a reconciliation between Austria and Germany, it condemned Nazi methods of violence as well as any kind of Fascism. Neither the Heimwehr nor the Landbund had as yet definitely incorporated itself into the Vaterländische Front, and Dr. Winkler and the Landbund, while they continued to proclaim their general support of Dr. Dollfuss, were attempting to take the wind out of his sails, in the manner of the old party politics, by organizing a rival Nationalständische Front which also stood for government on corporative lines. By the middle of September 1933 these two sections of Dr. Dollfuss's nominal supporters were in open enmity, and their leaders were attacking one another in public speeches. The result was a Cabinet crisis, which ended in the discomfiture of the Landbund and the triumph of the

<sup>1</sup> On the 22nd December, 1933, the Catholic Archbishops and Bishops of Austria issued a pastoral letter (which had presumably received the approval of the Vatican) denouncing the National Socialists and praising Dr. Dollfuss's efforts to create a Catholic state. The Nazis were condemned for their views on race questions and on sterilization as well as for their anti-Semitism and their extreme Nationalism. About a fortnight earlier, the Catholic priesthood had been ordered by the Cardinal Archbishop of Vienna to resign any offices of a political nature which they might hold.

Heimwehr. On the 21st September Dr. Dollfuss reconstituted his Cabinet on what were declared to be non-party lines. Dr. Winkler and the other Landbund Ministers were omitted, and Herr Vaugoin, the Minister of Defence, was excluded on the ground that he was also Chairman of the Christian Social Party. On the other hand, Major Fey was included as Vice-Chancellor; the portfolio of Minister of Defence which he had held in the previous Government was transferred to Dr. Dollfuss himself, who followed Signor Mussolini's example by combining a number of the more important Cabinet posts in his own person and acting as Minister for Foreign Affairs, Agriculture, Defence, and Public Security as well as Chancellor. A week later Prince Starhemberg announced that the Heimwehr would join the Vaterländische Front *en masse* and that the Heimatbloc, the party organization, would be dissolved. Dr. Dollfuss rewarded this move by appointing Prince Starhemberg on the 11th October as his deputy in the leadership of the Vaterländische Front, but at the same time he endeavoured to avoid the appearance that he was relying upon the Heimwehr to the exclusion of other groups.

The Landbund had continued to be represented by an Under-Secretary in the Cabinet after its reconstitution on the 21st September, and Dr. Winkler did not cease to proclaim the party's general support for Dr. Dollfuss in his struggle with the Nazis.<sup>1</sup> In November 1933 Dr. Dollfuss was engaged in an attempt to mediate between the Heimwehr and the Landbund, but his efforts proved unsuccessful, and reports that the readmission of Landbund Ministers into the Cabinet was imminent turned out to be unfounded. In January 1934 Dr. Dollfuss went so far as to hold out an olive branch to the Socialists, whose overtures had met with little response hitherto. In July 1933 the Socialist leader Dr. Otto Bauer had published an article in the press in which he took the line that dictatorial rule was probably necessary in face of the Nazi onslaught, but that it ought to have a wider popular basis. In the middle of October 1933 a Socialist party meeting had taken the formal decision to omit from the party programme any reference to the union of Austria with Germany. These indications that the Socialists were prepared to consider some measure of co-operation with the 'patriotic' parties

<sup>1</sup> The agrarian party would have found it difficult to withdraw their support from Dr. Dollfuss, for the peasants whose interests they were supposed to represent constituted some of the Chancellor's most enthusiastic adherents. This was especially true in Lower Austria, which was Dr. Dollfuss's native province. On the 2nd February, 1934, 120,000 farmers and peasants from Lower Austria assembled in Vienna in order to demonstrate their whole-hearted support of the Chancellor.

had not prevented the continuance of the restrictions upon their activities. In the second week of October the public sale of their principal organ, the *Arbeiter-Zeitung*, had been prohibited, and Heimwehr men had been mobilized in Vienna when the workers declared a strike in protest. A month later, the Heimwehr had again been mobilized, in addition to the entire police force of Vienna, to prevent Socialist demonstrations on the 12th November, the anniversary of the proclamation of the Austrian Republic. On the 18th January, 1934, however, Dr. Dollfuss expressed the hope, in a speech which he made to a meeting of his Christian Social supporters, that the Socialists would see their way to identifying themselves with the new order which was taking shape in Austria, and declared that he was ready to give them a place in the ranks of the defenders of Austrian independence. In reply to this invitation, the Social Democrat Party Executive decided at the end of January to offer their co-operation to the Government, on the conditions that the proposed constitutional reforms should be submitted for popular approval and that they should provide for the free election of corporations and the preservation of the workers' right of organization. The question whether Dr. Dollfuss would have been able and willing to negotiate an arrangement with the Socialists on this basis was not put to the proof, for at this stage the Heimwehr intervened.

At a meeting in the middle of December 1933 the Heimwehr leaders had announced their determination to establish an Austrian brand of Fascism and to continue without compromise the fight against democracy and Marxism; and the prospect of an understanding between Dr. Dollfuss and their arch-enemies the Social Democrats apparently caused them to decide that the time had come for them to take definite action. During January 1934 there were rumours that negotiations were in progress between Heimwehr leaders and Nazis, and on the 29th January Prince Starhemberg made a speech outlining the terms on which the Heimwehr would consider it possible to negotiate for a settlement of the dispute with Germany. These terms included the recognition by Herr Hitler, in writing, of the independence of Austria and also his recognition that the existence of the Heimwehr as the representatives of Austrian Fascism made the existence of an Austrian Nazi Party superfluous. At the end of January 8,000 Heimwehr men were mobilized in the Tirol—nominally to avert disorders which were declared to be threatened by the Nazis—and their leaders presented to the Governor of the province demands for the establishment of a semi-military administration. After a few days of negotiation certain of their

demands were conceded, whereupon similar steps were taken by the Heimwehr organizations in the provinces of Upper Austria, Styria and Burgenland. This campaign for the introduction of more authoritarian government in the provinces was apparently designed to exert pressure upon Dr. Dollfuss and to convince him of the desirability of ranging himself definitely in the Heimwehr camp. Dr. Dollfuss visited Budapest on the 7th and 8th February, 1934, and on his return to Vienna on the 9th he received the Heimwehr leaders; but the result of the discussions was not made public. Meanwhile Major Fey, who had been appointed to the supreme control of the executive forces of the state in the middle of January,<sup>1</sup> had been carrying out a series of measures which could hardly fail to convince the Socialists that the Heimwehr intended to settle accounts with them without further delay. During the first eight days of February<sup>2</sup> raids in search of arms were carried out on Socialist premises by police and Heimwehr auxiliaries. These raids were reported to have resulted in the discovery of large stores of explosives and weapons, including machine guns and bombs,<sup>3</sup> and the Heimwehr press declared that a 'Bolshevist-Marxist' plot had been uncovered. On the 10th February Major Fey deprived the Socialist Mayor of Vienna, Herr Seitz, and other municipal officials of their powers in regard to the maintenance of security and nominated the Police President as Public Safety Commissioner for the city. On the 11th February Major Fey addressed a Heimwehr parade, and he was reported to have said in the course of his speech that he had made certain during the last two days that Dr. Dollfuss was with them, and that the process of 'cleaning up Austria' would begin on the 12th February. It was not surprising if this speech, following on the events of the previous few days, made the Socialists decide that

<sup>1</sup> See p. 452, above.

<sup>2</sup> There was a rumour, which was given considerable currency at the time, that the signal for the attack on the Socialists was the fall of Monsieur Daladier's Government in France on the 7th February.

<sup>3</sup> It was well known that supplies of arms and munitions (some of them brought back in 1918 by soldiers who had served in the War, and some smuggled into Vienna more recently) were concealed in the municipal tenements in Vienna and in other premises occupied by Socialists. It has been indicated (see p. 431 n., above) that the Socialists felt aggrieved because periodical searches for such arms were carried out while no attempt was made to deprive the Heimwehr of weapons which were no less illegally in their possession. The argument that the Schutzbund's stock of munitions was material evidence of their intention to make an armed rising was contested by certain of the Socialist leaders such as Dr. Otto Bauer and Dr. Julius Deutsch, who escaped from the country after the fighting was over. They pointed out that if they had desired to overthrow the Government by force of arms there was every reason why they should have acted before February 1934.

nothing but armed resistance could now save them from the fate which had overtaken their comrades in Germany.

On the 13th February, 1934, Socialists in Linz resisted an attempt of Heimwehr auxiliary police to search their headquarters for arms, and the police, with military reinforcements, finally took the premises by storm after hard fighting. As soon as the news that fighting was in progress reached Vienna, the electric power supply was cut off as a signal for a general strike,<sup>1</sup> and further attempts by the police to search Socialist premises for arms led to active resistance. Within a few hours a civil war was in progress in the working-class districts of Vienna, where the Socialists barricaded themselves into the enormous blocks of flats which represented one of the principal achievements of the Social Democratic municipality of Vienna. Troops were called out to support the police and the members of the Heimwehr and other 'patriotic' associations (such as the Ostmährische Sturmscharen, the Freiheitsbund, and the Christlich-Deutsche Turnerbund) who were acting as auxiliary police. The Socialist defence was finally broken down by artillery fire. The fighting in Vienna and its outskirts continued until the morning of the 15th February; and after the Socialists had been driven from their last stronghold in the industrial suburb of Floridsdorf, they made another stand in the open country to the south of the city. Heavy fighting was also reported from Linz and from other provincial centres such as Graz and Steyr during the 12th-14th February. On the 15th many Socialists who had taken part in the fighting in Vienna surrendered in response to an offer of an amnesty to those who gave up their arms; and by the evening of that day organized resistance had been abandoned practically everywhere and the Government were able to announce that order had been restored. Occasional skirmishes continued to occur during the next few days, but these were not of a serious nature. The official estimate of the losses during the fighting gave 102 killed and 319 wounded in the Government forces and 193 killed and 493 wounded among the Socialists; but it was generally believed that the civilian losses had in fact been much heavier than was admitted.<sup>2</sup>

On the 12th February the Government issued a statement declaring that the Socialists had been preparing for a general strike and for

<sup>1</sup> On the 9th February the Socialist headquarters had replied to rumours that the Heimwehr were demanding the prohibition of the Social Democrat Party and the occupation of the Vienna City Hall by announcing that any such action would be the signal for a general strike.

<sup>2</sup> Socialist estimates had given the number of their dead as not less than 1,500 by the evening of the 13th February.

active resistance, and alleging that orders had been issued to members of the *Schutzbund* on the 11th February to be ready for a revolt on the 13th. The Vienna *Rathaus*, the headquarters of the municipality, was occupied by *Heimwehr* men during the day, and the *Burgomaster*, Herr Seitz (who had also been the first President of the Austrian Republic), was arrested together with other Socialist political leaders—among them Dr. Karl Renner, the ex-Chancellor who had signed the Treaty of St. Germain on behalf of Austria. The unfurling of the *Heimwehr* flag over the *Rathaus* marked the achievement of one of the principal objects of *Heimwehr* policy—the ousting of the Socialists from the administration of Vienna—and put an end to the anomalous situation which had existed since the foundation of the Austrian Republic and which had set a ‘Black’ countryside more or less permanently at variance with a ‘Red’ capital.<sup>1</sup> Herr Schmitz, a representative of the right wing of the Christian Social Party who had been Minister for Social Welfare since September 1933, was appointed a Special Commissioner with responsibility for conducting the Government of Vienna. On the evening of the 12th February the Government prohibited the further existence of the Social Democrat Party, and all Socialist trade unions, societies, and clubs were dissolved during the next few days. Martial law was proclaimed throughout the country on the 12th February; by the 14th trials by court martial were in progress; and in the course of the next ten days twenty persons were sentenced to death, though only eight of the sentences were actually carried out. On the 19th February the Government announced that 2,000 Socialists had been taken prisoner, and arrests were still continuing, but a considerable number of the persons arrested were subsequently set at liberty without being brought to trial.<sup>2</sup> Both President Miklas and Dr. Doll-

<sup>1</sup> The Socialist Government which had been responsible for drawing up the Republican Constitution and which had negotiated the terms of peace with the Allies never had anything but a precarious hold over the country as a whole; and after the formation of a new Cabinet in July 1920 the Socialists ceased to control the Government of the Republic, though they retained control of the municipality of Vienna.

<sup>2</sup> In October 1934 it was reported that about 200 Socialists had been sentenced to varying terms of imprisonment, with a maximum of twenty years, and that about 700 were in concentration camps. There were still about 100 awaiting trial, and these included many of the political leaders of the party who had not joined in the actual fighting. The fate of Herr Seitz, the ex-Mayor of Vienna, who was 65 years old and in bad health, aroused the special concern of his friends in other countries, and from time to time representations were made to the Government on his behalf. Herr Seitz was transferred from prison to hospital in August 1934 and was released on parole in the December of the same year.

fuss proclaimed their intention of exercising clemency and avoiding anything in the nature of retaliation; and it was announced that efforts would be made, by the organization of relief and other means, to conciliate the great majority of the working class who had had no share in the fighting. This official organization of relief, however, was suspect in Socialist quarters, where it was regarded merely as an opportunity for exercising bribery and intimidation.

The immediate sequel to the suppression of the Socialists, so far as the internal politics of Austria were concerned, was an acceleration of the process of transforming a democratic republic into a Fascist state. No sooner was the fighting over than the Heimwehr were pressing their demands upon the Chancellor with renewed vigour. By the end of February 1934 considerable progress had been made in the reorganization of the provincial Governments on authoritarian lines; but in spite of this concession to their views the Heimwehr continued to make difficulties for the Government, by falling foul of the other sections of opinion which were represented in the Vaterländische Front. In the middle of April negotiations between Dr. Dollfuss and Prince Starhemberg resulted in an agreement for the reorganization of the Vaterländische Front which gave the Heimwehr and other 'patriotic' associations a recognized place as the 'defence' subdivision of the Front,<sup>1</sup> and which abolished political parties as such. It was arranged at the same time that Prince Starhemberg should be given a place in the Government, and in a reconstitution of the Cabinet which took place on the 1st May he became Vice-Chancellor in place of Major Fey, who returned to the post of Minister for Public Security. In a further reconstruction of the Cabinet on the 11th July, 1934, Major Fey handed over the Ministry for Security once more to Dr. Dollfuss, but he himself became a Special Commissioner in charge of emergency measures for the defence of the state, and the total result of the changes was to strengthen rather than to weaken Heimwehr influence.

Meanwhile, a draft of a new Corporative Constitution had been submitted to the Chancellor by Dr. Ender early in January 1934; during March and April this draft was discussed and revised by the Cabinet; and by the middle of April the new Constitution was ready for promulgation.<sup>2</sup> It was considered necessary, however, that there

<sup>1</sup> There were two other subdivisions, organized respectively on a professional and on a territorial basis.

<sup>2</sup> The Constitution of 1920 had proclaimed Austria a democratic republic, with its right proceeding from the people, but the preamble of the new Constitution declared that 'in the name of God the Almighty, from whom all right proceeds, the Austrian people receives this Constitution for its Christian

should be a final meeting of the Parliament whose activities had been suspended thirteen months earlier, in order that the emergency decrees which had been issued during the interval might be approved and the Government might be empowered to put the new Constitution into force. Negotiations which were conducted during the last fortnight of April resulted in an assurance that there would be no effective opposition from the Landbund and Pan-German members<sup>1</sup> of the old Parliament (the Social Democrat Party having been dissolved, it was decided that the Socialist members were not entitled to attend the session), and a meeting of the National Assembly was summoned for the 30th April, 1934. In less than three hours on that day the remnant of the National Assembly duly approved 471 decrees which had been issued since the 4th March, 1933, and voted itself out of existence at the same time as it authorized the Government to put the new Constitution into force as soon as possible. The Constitution was promulgated on the same day, but its provisions could not be enacted until the organization of the population into

German Federal State on a corporative foundation'. The legislative system which was to take the place of Parliament was to be built up on an underlying structure of guilds or corporations into which all members of trades and professions were to be organized. These professional corporations were to elect 70 or 80 members of the Federal Economic Council (*Bundeswirtschaftsrat*), which was to be one of four advisory organs—the other three being the Federal Council of Intellect (*Bundeskulturrat*), consisting of 30 to 40 representatives of the Churches, learning and arts; the Council of Provinces (*Länderrat*), consisting of the eight Provincial Governors and the Burgomaster of Vienna together with nine Finance Members; and the State Council (*Staatsrat*), consisting of 40 to 50 citizens of special merit nominated by the President with the Chancellor's approval. Selected representatives of these four Councils would constitute the Federal Diet (*Bundestag*). Legislation was to be initiated by the Government alone, and after consideration by the appropriate advisory Council (whose amendments, if any, the Government might, but need not, adopt) it was to be approved or rejected by the Federal Diet. Financial measures and treaties altering, or carrying the obligation to alter, laws would go direct to the Federal Diet, and financial measures (including the budget), but not treaties, could be freely debated and amended by the Diet before approval or rejection. In the event of a Bill being rejected, provision was made for a popular referendum, and a new Bill or a question of legislative principle could also be submitted direct to the people by this means. The Federal Assembly (*Bundesversammlung*), consisting of all members of the four Advisory Councils, would meet only in connexion with the election of the President or in order to perform certain stated functions such as the authorization of a declaration of war.

<sup>1</sup> The twelve Pan-German members of the old Parliament had decided in May 1933 to form a working alliance with the Nazis. The Landbund and Pan-German parties were represented at the meeting of the National Assembly on the 30th April by two members each, and the two Pan-German deputies spoke in opposition to the Government and voted against the Bill giving the Government full powers to enact the Constitution.



professional guilds was complete, and a transitional Constitution, incorporating about half of the provisions of the permanent Constitution, was therefore drawn up and issued on the 19th June, 1934, with effect from the 1st July. The provisions regarding the establishment of advisory councils came into force on the 1st November, 1934; and on the 31st October appointments to membership of the Councils were made directly or indirectly by the Government. It was explained that the members of the Economic Council and the Council of Intellect would be elected later on, when the corporative institutions were in working order. The first meeting of the State Council was opened by the Chancellor, Dr. Schuschnigg, on the 27th November. Out of the 49 members, 14 belonged to the Heimwehr, 20 were Christian Socials, and the remainder belonged to other sections of opinion represented in the Vaterländische Front. The President of the State Council was a Heimwehr leader.

The events of February 1934 in Vienna were also not without their effect upon Austria's international relations. The suppression of the Socialists and the triumph of the Heimwehr made a favourable impression upon Italian opinion and helped to strengthen the bond between Austria and Italy,<sup>1</sup> but in countries of a more democratic complexion much of the popular sympathy which had been accorded to the Dollfuss Government was alienated by the reports of the ruthlessness which had been displayed by the Government forces in crushing the Socialists. At the same time, disapproval of such methods as the use of artillery in street fighting<sup>2</sup> and a belief that the crisis had been provoked deliberately by the Heimwehr did not blind foreign observers to the fact that the Austrian Government would no longer be at the disadvantage of fighting on two fronts at once. Indeed, their manner of dealing with the Socialists appeared to

<sup>1</sup> It was alleged in some quarters that the Italian Government had made the destruction of the Socialist Party a condition of giving stronger support to Austria. French rumours that Italian troops were concentrated on the Austrian frontier in the middle of February in case the Austrian Government forces should need help in dealing with the Socialists were denied in Rome. A month after the suppression of the Socialists, Dr. Dollfuss visited Rome for the signature of the Italo-Austro-Hungarian Pact of the 17th March, 1934 (see section C (ii) of this part of the present volume). The first of the three protocols of the 17th March contained a significant reference to 'respect for the independence and rights of every state'.

<sup>2</sup> In justification for the use of light artillery against the blocks of flats which formed the principal Socialist strongholds, it was alleged that these municipal tenements had practically been converted into arsenals by the munitions stored in them, and that, since the Socialists could rake the neighbourhood with machine-gun fire, the use of artillery was the only means of avoiding a protracted struggle with heavy loss of life among the attacking forces.

indicate a determination to pursue a given line of policy to the end, regardless of the cost, which was a marked departure from the 'defeatist' tradition of post-war Austria; and in this respect the ruthlessness of the Government might perhaps be regarded as justification for additional confidence in their ability to hold their own against the Nazis and against the German Government.

(i) THE AUSTRIAN GOVERNMENT AND THE NATIONAL SOCIALISTS,  
FEBRUARY-JULY 1934

The suppression of the Socialists was followed by a temporary relaxation of the tension between Austria and Germany. The Nazis saw in the defeat of the Schutzbund and the dissolution of the Social Democrat Party an opportunity for making converts such as seldom fell to their lot. While the struggle with the Socialists was still in progress the Austrian authorities were informed that Nazis had been trying to get into touch with the Schutzbund leaders in order to incite them to continue fighting. Later on, they were reported to be contributing towards the relief of the Socialist families which were left homeless and destitute, with their breadwinners killed or in prison, and to be attempting to establish relations with Socialist leaders who had escaped into Czechoslovakia. In concentrating their energies on this line of advance the Nazis virtually abandoned, for the time being, their attempt to shake the *moral* of the Government and the population by acts of sabotage and other minor outrages. In a broadcast from Munich on the 19th February, 1934, Herr Habicht proclaimed an eight-day truce in the Nazi feud with the Austrian Government. He announced that the Austrian Nazis had been instructed to refrain from acts of violence from the 20th to the 28th February and that there would be no anti-Austrian broadcasts during that period, but that the struggle would be resumed in March unless the Austrian Government decided to give the National Socialist Party full rights. Herr Habicht also promised that the German Government's tax on tourists and the difficulties which they were putting in the way of Austrian trade would be removed as soon as the Nazis were given a share in the Government, and that thereafter German surplus capital would be used for the benefit of Austrian industries. These threats and promises failed to achieve their purpose, and the 'truce' expired on the 28th February without any indication that the Austrian Government were prepared to consider the Nazi 'peace terms'. Nevertheless the abstention of Nazis from acts of violence continued, with a few minor exceptions, during March

and April 1934, with the result that the Austrian Government felt able to order the release of a considerable number of Nazis from the prisons or concentration camps in which they were confined. At the beginning of May, however, Herr Habicht resumed his broadcast attacks from Munich, and by the middle of the month incidents on the frontier, the interruption of 'patriotic' meetings by Nazis, and attempts to dislocate holiday traffic were affording proof of a return to the old methods. By the end of May a new campaign of terror was in full swing. Railways and railway waiting rooms were favourite objects of attack, but attempts were also made to blow up electricity and power undertakings and public buildings as well as private houses. Considerable material damage was caused, but few people were injured in these outrages. By the second week of June the campaign had assumed such serious proportions that the Government appealed to the whole population to assist the authorities in detecting the authors of bombing outrages and other crimes. There was a further extension of martial law to permit of the establishment of summary courts at various centres, and local defence corps, known as *Ortwehr*, were organized to act under the orders of the regular police.

This was the situation when, on the 14th and 15th June, Herr Hitler paid an official visit to Signor Mussolini at Venice and discussed with him, according to the official *communiqué*, problems of general policy and problems of more direct interest to Italy and Germany 'in a spirit of cordial collaboration'. The questions dealt with were naturally assumed to have included German relations with Austria, and it was semi-officially announced on the Italian side that Signor Mussolini had prevailed upon Herr Hitler to agree that there should be no interference with Austria's independence, and that Germany and Italy should collaborate to promote a speedy return to normal political conditions in Austria. On the German side, it was denied that Herr Hitler had given any pledge to Signor Mussolini regarding the cessation of the Nazi campaign in Austria, and this contention was borne out by the continuance of bomb outrages during the second half of June. In July, however, there was a marked decrease in Nazi activity, and hopes that the corner had been turned were strengthened by reports that the Austrian Legion was at length being transferred from camps near the frontier to the north of Bavaria. These hopes were destined not to be fulfilled, for the comparative peace of the first three weeks of July ushered in the second of the two tragic climaxes of the year 1934: the Nazi *Putsch* of the 25th July and the death of Dr. Dollfuss.

This desperate attempt on the part of the Nazis to overthrow the Government appeared to be the outcome of a number of contributory causes. In the first place, the progress which Austria was now making towards economic and financial recovery<sup>1</sup> left no room for doubt that the economic pressure which Germany had exerted by her tourist tax and other means had failed to achieve its object. The Nazis realized that with the improvement in the economic situation the advantages which had accrued to them so long as distress and unemployment were prevalent would gradually disappear; and they were also obliged to admit that their hopes of a conversion *en masse* of Socialists to National Socialism after the events of February 1934 had not been fulfilled; for, while individual recruits had come over from the Socialist ranks, Nazi propagandists had had little success in rousing the majority of the Socialists from the apathy into which they appeared to have sunk. Moreover, the repercussions of the 'clean-up' of the 30th June in Germany<sup>2</sup> were not likely to help forward the Nazi cause in Austria. The discredit which the circumstances of the 'clean-up' had cast upon the whole movement, uncertainty regarding the nature of the relations which had existed between the Austrian Nazis in Munich and the members of the German party against whom Herr Hitler's action had been directed, and consequent doubts whether the support which the Austrian Nazis had received could be expected to continue, produced different effects upon different members of the party in Austria. While many of them were disheartened and inclined to abandon the struggle, the more desperate characters resolved to make a last throw for power before the situation became even more unfavourable. The factor which turned the scale was probably the prospect that Nazi activities in Austria would be more effectively curbed in future by the drastic measures on which the Government had just decided.

Hitherto, the Austrian Government's treatment of Nazis arrested on charges of complicity in acts of violence had been remarkable for its leniency, and even in the case of recent trials by court martial no Nazis had been condemned to death and the sentences of imprisonment passed upon them had been light compared with those passed on Socialists who had taken part in the fighting in February 1934. This forbearance towards the Nazis was presumably dictated by a desire not to prejudice any chance of coming to terms with them and with Germany; but critics of the Austrian Government believed that the Nazis were merely encouraged to continue their campaign by

<sup>1</sup> See pp. 425-7, above.

<sup>2</sup> See the present volume, pp. 324-5, above.

what they regarded as a sign of weakness, and by July 1934 the Government had apparently come to the same conclusion. While acts of violence attributed to Nazis decreased in number during the first three weeks of July, the Austrian police were aware that the smuggling of explosive material across the frontier was still going on,<sup>1</sup> and on the 12th July a decree was issued making death the only penalty for using explosives, or even for being in possession of explosive materials after the lapse of a short period of grace during which such materials might be surrendered. This decree convinced the Nazis that the days of lenient treatment were over and that the authors of bomb outrages who fell into the hands of the police must henceforth expect a short shrift. Special apprehension was felt regarding the fate of seven Nazis whose trial by court martial had been appointed to begin in Vienna on the 20th July. On the 19th this trial was the subject of a broadcast speech by Herr Frauenfeld (who had escaped to Germany in May 1934) in which he declared that the outcome of the trial would decide the fate of Dr. Dollfuss and his system, since a Government which dared to condemn these Nazi prisoners would be swept away on a tide of popular resentment. On the 23rd July another Austrian refugee, speaking from Munich, proclaimed the rapid approach of 'the day of judgment for Herr Dollfuss'. The seven Nazis who were tried in Vienna on the 20th July had committed their offences before the 12th July and the court martial sentenced two of them to terms of imprisonment, while the rest were remitted to an ordinary court. There were, however, a number of other Nazis who had been arrested in possession of explosives since the new decree came into force and who had therefore incurred the death penalty. On the 24th July the decree was applied for the first time against two Socialists who were convicted of having explosives in their possession and who were condemned to death for this offence. One of the two condemned men was hanged within a few hours of sentence being passed, though the other was reprieved. These events formed the immediate background to the Nazi *Putsch* of the 25th July, 1934.

<sup>1</sup> This smuggling culminated in an incident which caused something of an international sensation. On the 22nd July, 1934, the Swiss authorities seized a motor-boat on Lake Constance containing a large consignment of explosives and arrested three Nazis who admitted their intention of smuggling the material into Austrian territory. After the *Putsch* of the 25th July, 1934, large stocks of munitions were found in the premises of the Alpine Montangesellschaft at Leoben. This firm was the most important steel and iron company in Austria, and in 1924 a controlling interest in it had been acquired by a German firm. In 1934 practically all the directors and higher officials were Nazis, as well as a majority of the workers employed.

## (j) THE NAZI PUTSCH OF THE 25TH JULY, 1934, AND ITS SEQUEL

At 1 o'clock on the 25th July, a band of fifteen Nazis forced their way into the headquarters of the Austrian Broadcasting Company—the 'Ravag'—and by threatening an official with a pistol compelled him to announce that Dr. Dollfuss and his Cabinet had resigned and that Dr. Anton Rintelen<sup>1</sup> had taken over the Government. Police then arrived on the scene, and after a sharp struggle the premises were recaptured and the Nazis arrested. Meanwhile, at 11.45, a session of the Cabinet which had begun at the Chancery had been interrupted by the news, which had been received from an apparently reliable informant and communicated to Major Fey a little earlier, that a Nazi plot was to be put into execution that morning and that the plotters were actually assembling.<sup>2</sup> The Chancellor had then broken up the Cabinet meeting, and all the Ministers save three—Major Fey, Herr Karwinsky, the Under-Secretary of State for Public Security, and Dr. Dollfuss himself—had left the Chancery and had returned to their respective offices. At the same time the Ministry of Defence was instructed to take suitable measures to prevent the carrying out of the plot. The fact that the object of the plot was to seize the members of the Cabinet while they were in session was not known, and a report that the Nazis intended to attack the Chancellor in another quarter of Vienna led to delay in reinforcing the guard at the Chancery.<sup>3</sup> When, at a few minutes before 1 o'clock, lorries con-

<sup>1</sup> Dr. Rintelen had conducted the negotiations with the foreign creditors of the Credit-Anstalt in 1932 and he had also been Minister of Education in Dr. Dollfuss's Cabinet from May 1932 to May 1933, when he had resigned and returned to Styria, of which province he was Governor. In August 1933 Dr. Dollfuss had appointed him as Austrian Ambassador in Rome, and he had arrived in Vienna from Rome just before the *Putsch*. Dr. Rintelen's province of Styria was a stronghold of National Socialism (the local Heimwehr had joined the Nazis in April 1933—see p. 437, above), and he himself belonged to the small group of Christian Socials who were in favour of co-operation with the Nazis. It was generally believed that for some years past he had cherished the ambition of becoming Chancellor, and in some quarters his appointment to the Embassy at Rome was attributed to Dr. Dollfuss's desire to dispose of a dangerous rival.

<sup>2</sup> A warning had already been conveyed to the police on the 24th July, but rumours of plots were constantly reaching the authorities and little notice was taken of this information. It appeared that the *Putsch* had actually been planned for the 24th, and that the postponement was due to the fact that a meeting of the Cabinet which had been fixed for that day was put off until the 25th. There was also reported to have been an abortive plot for an attack on President Miklas on the 24th.

<sup>3</sup> The causes of the delay in despatching reinforcements to the Chancery and of the failure to seize the plotters at their place of assembly are set out in detail in Part III of the Brown Book *Beiträge zur Vorgeschichte und Geschichte der Julirevolte*.

taining 144 men in military and police uniform drove up to the Chancery, they were taken for the expected reinforcements, were admitted without difficulty, and had overpowered the guard before their identity was realized. The majority of the Nazis who seized the Chancery were ex-soldiers who had been dismissed from the Army on account of their political views, but there were nine policemen and three soldiers on the active list among them. Some of the policemen were familiar with the lay-out of the Chancery, and within a few minutes the invaders had gained control of the whole building. Major Fey and Herr Karwinsky were taken prisoners, as well as all the officials, employees and visitors in the Chancery. A small band of the insurgents came upon Dr. Dollfuss as he was making his way towards a secret exit, and he was shot down unresisting. The Chancellor was not killed outright, but he died of his wounds a few hours later. The world-wide horror which the news of his assassination aroused was intensified by the fact that he was denied the attendance of a doctor or a priest and was allowed to bleed to death.

The Nazis who had thus taken possession of the Chancery were led by an ex-soldier named Holzweber, but he and other members of the party declared at their trial that they were acting on superior instructions, though they refused to divulge the names of the real leaders of the plot. Holzweber and his fellows seem not to have realized at first that the escape of all but three members of the Government meant that the plot had failed (unless, indeed, the elimination of Dr. Dollfuss was its real object); and for some hours they waited for further instructions. The paralysis of the administration on which the plotters had reckoned had been averted, however, by the breaking-up of the Cabinet meeting, which left the majority of the Ministers at liberty and in a position to carry on the functions of government. Soon after 1 o'clock the Chancery was surrounded by detachments of soldiers and police, but they refrained from launching an attack in consideration of the fact that the prisoners as well as their captors would suffer. During the afternoon, however, the remaining members of the Cabinet assembled in the Ministry of Defence and got into touch by telephone with President Miklas, who asked Dr. Schuschnigg, the Minister for Education, to act temporarily as head of the Government (Prince Starhemberg, the Vice-Chancellor, was in Italy).<sup>1</sup> The Cabinet decided that the occupants

<sup>1</sup> Prince Starhemberg attempted to return to Vienna by air on the 25th July, but the pilot of his aeroplane insisted upon turning back owing to clouds over the Alps. Prince Starhemberg reached Vienna early on the 26th and took over the functions of head of the Government temporarily from Dr. Schuschnigg (see p. 480, below, for Dr. Schuschnigg's definitive appointment as Chancellor).

of the Chancery should be summoned to surrender within a given time and that the building should be taken by storm if surrender were refused. By 5.30, when Herr Neustädter-Stürmer, the Minister for Social Affairs, arrived at the Ballhausplatz with this ultimatum, the Nazis in the Chancery had come to the conclusion that nothing remained for them to do but to make the best possible terms of surrender. They prevailed upon Major Fey<sup>1</sup> to act as their intermediary with the Government forces, and it was finally agreed, with Herr Neustädter-Stürmer's consent, that the Nazis should surrender the Chancery and should be allowed to make their way unmolested to the German frontier. This agreement was witnessed by the German Minister, Dr. Rieth, who arrived in response to a telephone call from the insurgents asking for his intervention on their behalf. It was, however, stated officially that the promise of a safe conduct had been given only on the condition that there was no loss of life; and when the Chancery was finally surrendered at 7.30 and Dr. Dollfuss was found to be dead,<sup>2</sup> the promise was rescinded and all the Nazis were taken prisoners.

By the evening of the 25th July there was no further danger in Vienna, but the situation in the provinces continued to be precarious for some days.<sup>3</sup> It appears to be an open question whether the broadcast announcement that Dr. Rintelen had taken over the Government was intended as a signal for a general rising or not; and there was some evidence for the view that the Nazis had hoped to effect a bloodless *coup* by gaining control of the Government, and

<sup>1</sup> The part played by Major Fey in the whole affair was somewhat mysterious. He was the first member of the Government to receive information of the plot, and as Special Commissioner for Defence the ultimate responsibility for the failure to take steps to avert the catastrophe rested with him. His ineffectiveness during the crisis could perhaps be accounted for in part by the essentially military turn of his mind, which made it difficult for him to tackle a problem that could not be handled on military lines. He was apparently induced by threats to act as intermediary; but his compliance was also partly explained by the fact that all the occupants of the Chancery believed for some time that Dr. Rintelen had actually formed a new Government. This belief seems to have been held by Dr. Dollfuss, with whom, as he lay dying, Major Fey had a brief interview. Major Fey's unheroic rôle on the 25th July was hardly in keeping with his earlier reputation as the 'strong man' of the Government. Herr Winkler, the former Vice-Chancellor, who was accused of complicity in the plot but escaped to Czechoslovakia, retaliated by accusing Major Fey of having been in negotiation with the Nazis right up to the 25th July.

<sup>2</sup> Dr. Dollfuss died at about 3.45 p.m. There were conflicting reports as to the exact stage at which the fact of his death became known outside the Chancery.

<sup>3</sup> A detailed account of the fighting in the provinces is given in Part IV of the Brown Book *Beiträge zur Vorgeschichte und Geschichte der Julirevolte*.



that the fighting which took place in the provinces was not part of the plan. For instance, certain Nazi refugees who made their way into Yugoslavia were reported to have said that a general insurrection had not been expected to take place for some months, and that the Nazis in the various provinces were taken by surprise and were not in touch with each other. On the 25th July, however, the Nazis attempted to seize control of most of the towns in Styria, and there was severe fighting in that province during the 26th. In the Tirol the Police President of Innsbruck was shot dead by a Nazi on the morning of the 25th July, and this act was believed by the authorities to have been meant to initiate a rising; but the Tirolese police had been put on their guard by recent incidents, and the prompt measures which they took prevented the revolt from assuming serious proportions in the province. In Carinthia the Government forces had difficulty for two or three days in holding their own, and fighting also took place in all the other provinces except Lower Austria and Vorarlberg, which remained undisturbed. On the 28th July the Government announced that the revolt had practically been suppressed, though sporadic fighting was still going on in isolated places. The Government losses during the three days 25th–27th July were given as 78 dead and 165 wounded. The Nazi losses were believed to have been much heavier, and in addition to the prisoners, who were said to number nearly 1,000 by the evening of the 27th July, a large number of refugees were known to have made their way into Yugoslavia.

The news of the Nazi *Putsch* and of the death of Dr. Dollfuss was received with consternation in other European countries, and during the last few days of July the tension was so acute as to recall with unpleasant vividness the situation that had existed exactly twenty years earlier.<sup>1</sup> The fear that the assassination of an Austrian statesman might have brought Europe again within measurable distance of war was strengthened by the action of the Italian Government in moving troops up to the Austrian frontier. Before the Nazi *Putsch* took place there had been signs that Italy's patience with Germany on the subject of her treatment of Austria was wearing thin, and in the third week of July the semi-official *Giornale d'Italia* had contained strongly worded warnings that the Italian Government were not disposed to condone further breaches of the 'gentlemen's agreement' which, according to the Italian version, Herr Hitler had concluded with Signor Mussolini in June. The shock

<sup>1</sup> The 25th July, 1934, was the twentieth anniversary of the day on which the Austrian ultimatum to Serbia expired and Serbia mobilized her army.

which the events of the 25th July administered to Italian opinion was intensified by the fact that Dr. Dollfuss had been due in a few days' time to join Signor Mussolini, who was on holiday at Riccione, for further informal discussions, and that Frau Dollfuss and her children were already at Riccione on a visit to the Duce's family. The personal friendship which had grown up between Signor Mussolini and Dr. Dollfuss during the past two years, and the feeling that Herr Hitler had betrayed the trust which Signor Mussolini had put in him, no doubt partly accounted for the vigorous reaction of the Italian Government to the news from Vienna. Signor Mussolini promptly despatched a telegram to Prince Starhemberg assuring him that the principle of the independence of Austria, which had been defended by Italy in the past, would now be defended 'still more strenuously', and declaring that those who were responsible, directly or indirectly, for the death of Dr. Dollfuss had incurred the 'moral condemnation of the civilized world'. During the afternoon of the 25th July Signor Mussolini gave orders that four army divisions, consisting mainly of artillery, which formed part of the troops, numbering about 100,000 in all, who were engaged in training in the mountains not far from the Austrian frontier, should be moved right up to the Brenner and the Carinthian border. Official Italian comments on this movement of troops laid stress on the precautionary character of the measure, which was intended 'to guard against eventual complications', and on the improbability of further action being necessary.<sup>1</sup> During the last days of July the Italian Press launched a campaign against Germany in which the pent-up feelings of many months were given expression, and which appeared to mark the end of any pretence that the proceedings of Hitler's Germany met with Italian approval.

The action of Italy in moving troops to the frontier aroused great excitement in Jugoslavia, who had already shown that she considered the establishment of close relations between Austria and Italy to be a threat to her own security. In August 1933 Yugoslav opinion had been much perturbed at a report that Signor Mussolini and Dr. Dollfuss had agreed during their meeting at Riccione<sup>2</sup> that there should be an armed Italian intervention in the event of a Nazi *Putsch* in Austria, and the Yugoslav Government had announced that if Italian troops were to advance into Austria Yugoslav troops would promptly follow suit. The Yugoslav Government now made known

<sup>1</sup> The troops were kept on the frontier until the middle of August, when they were removed after consultation between Signor Mussolini and Prince Starhemberg.

<sup>2</sup> See p. 447, above.

their view that the League of Nations alone was competent to decide whether the complications arising out of the Nazi *Putsch* in Austria called for international action, and that the intervention of a single Power would be an infringement of the Peace Treaties which might have serious consequences. Yugoslavia's relations with Italy had improved during the last twelve months,<sup>1</sup> but her relations with Austria had been unsatisfactory, especially since the Austrian Press, at the end of 1933, had published reports regarding German-Slovene negotiations, which were alleged to have taken place in the previous July, for the transfer of Southern Carinthia to Yugoslavia in the event of a Nazi victory in Austria.<sup>2</sup> The Yugoslav Government were therefore placed in a difficult position by the influx of refugees (many of whom were Austrian Slovenes) which followed the Nazi defeat in the provinces. The frontier was not closed, but the frontier guards were strengthened, and as Nazi fugitives arrived in Yugoslav territory they were disarmed and conducted to concentration camps at a considerable distance from the frontier.<sup>3</sup>

Jugoslavia's reaction to what she regarded as the provocative movement of troops by Italy increased the perturbation which the news of events in Austria had caused in the other states members of the Little Entente and in France. The tension relaxed somewhat when, after an interview between the French Foreign Minister and the Italian Ambassador on the 26th July, it became known that the French Government agreed with the Italian Government in thinking that the situation was fraught with the gravest possibilities, while the Italian Government did not dissent from the French Government's view that if any further action was necessary it should be taken on an international basis. The message of sympathy which was despatched by the French Prime Minister to the Austrian Government on the 26th July declared that France was 'firmly attached to the maintenance of Austrian independence', and on the same day the British Foreign Secretary announced in the House of Commons at Westminster that His Majesty's Government maintained the attitude

<sup>1</sup> See pp. 555-6, below.

<sup>2</sup> An attempt to blow up the Yugoslav Consulate at Klagenfurt at the beginning of January 1934 was supposed to have had some connexion with these allegations.

<sup>3</sup> These precautions did not prevent accusations that a second Austrian Legion was being organized in Yugoslavia and another *Putsch* planned. Altogether, about 1,800 Nazis took refuge in Yugoslavia, where they were supported for some months by funds which were said to come exclusively from German sources. In the autumn, after the assassination of King Alexander, arrangements were made for their transfer to Germany, and they sailed from Šušak to Hamburg at the end of November 1934.

in respect to the independence and integrity of Austria which was in accordance with the treaties and which had been restated in the Three-Power declaration of February 1934.<sup>1</sup>

The need for concerted action by the Powers was averted by the success of the Austrian Government in re-establishing effective control over the country and by the 'correct attitude' which was adopted by the German Government. The moral complicity of Germany in the assassination of the Austrian Chancellor was taken for granted elsewhere, for in no quarters was it believed that the German Government would not have been able, if they had had the will, to put a stop to the active support which the Austrian Nazis were known to receive from Germany and to the incitements to violence which appeared at frequent intervals in the German Press and were broadcast from German wireless stations. If evidence were needed of the ability of the German authorities to call off the campaign, it had been afforded by the cessation of incidents which followed Herr Habicht's announcement of a 'truce' on the 19th February, 1934. The Austrian Government, for their part, believed that the Nazi plans which had been put into effect on the 25th July had actually been drawn up in Germany, with the connivance, at least, of German Nazi leaders, and this view was certainly supported by various circumstances in connexion with the *Putsch*. For two or three days before the 25th July great activity was observed in Munich among members of the Kampf-ring and of the Austrian Legion, and lorries full of armed men were reported to have been seen on their way to the frontier. Small bands of legionaries actually crossed the frontier during the night of the 25th-26th July; but these invaders were driven back by the Austrian guards, and the majority of the members of the Legion who had been mobilized seem to have been disarmed by the Reich authorities and forced to return to their camps as soon as it was clear that the *Putsch* had failed. On the 26th July a German national who was arrested by Austrian customs officials was found to be carrying two documents in cipher, one of which contained detailed instructions regarding the action which was to be taken by the Austrian Nazis as soon as Dr. Dollfuss's retirement in favour of Dr. Rintelen was made known, while the other contained a list of cipher words which was headed by words denoting the death or capture of Dr. Dollfuss. During the afternoon of the 25th July German newspapers rejoiced over the triumph of the Nazi cause and the downfall of Dr. Dollfuss, and in the evening the official news agency, the *Deutsche Nachrichtenbüro*, issued a statement, said to be based on 'official and private reports

<sup>1</sup> See pp. 454-5, above.

from Austria', in which the *Putsch* was described as the successful revolt of the whole people of Austria against the régime of Dr. Dollfuss. This despatch was hastily withdrawn half an hour later when the failure of the *Putsch* became known, and was not published.<sup>1</sup> The incident of Dr. Rieth's confirming the agreement for the free passage of the insurgents to the German frontier was also held to support the theory that the German Government were a party to the plot, since it was argued that no Minister would have acted in such a manner unless he had felt assured of his Government's approval.

Whatever the truth may be as to the connivance of the German authorities in the plans for the *Putsch*, there can be little doubt that they would have been ready to turn a *fait accompli* to account; but there was no doubt at all of their anxiety to prove their innocence when once it had become clear that the plot had failed. Herr Hitler was perhaps assisted in his decision to adopt a strictly correct attitude, at the cost of appearing to betray a section of his supporters, by Signor Mussolini's prompt order for the movement of Italian troops to the frontier; for if it had seemed comparatively safe to defy the Powers when they were confining themselves to making representations through diplomatic channels, it was quite another matter to precipitate the war which was likely to be the outcome of armed intervention by Italy in Austria. At all events, no attempt was made on the German side of the frontier to profit from the disturbances which continued in the Austrian provinces for two or three days after the Vienna *Putsch* had failed; and the German Government, immediately and ostentatiously, took all the steps proper to the Government of a neighbouring country on such an occasion. The Bavarian-Austrian frontier was closed on the 25th July, and Nazi fugitives were refused admission into German territory; telegrams of condolence, couched in scrupulously correct terms, were despatched to Vienna by President Hindenburg and Herr Hitler; Herr Habicht

<sup>1</sup> On the 24th July the *Deutsche Nachrichtenbüro* had sent out a message foreshadowing a 'Communist' rising in Austria. The Austrian Government included among the exhibits which they attached to their official account of the revolt in proof of German complicity a reproduction of a collection of photographs issued to the German Press by a photographic agency which appeared to bear the date of the 22nd July. The fact that the captions under the photographs of Dr. Rintelen, Dr. Dollfuss and Major Fey described the first as negotiating for the formation of a Government, the second as dead from his wounds, and the third as a prisoner, was taken as proof that the full details of the plot were known beforehand in Berlin. A more credible explanation would appear to be that the date of the 22nd July was inserted by mistake for the 25th.

was dismissed from his post as Inspector for Austria—nominally on the ground that he had not exercised adequate supervision over the reports regarding the revolt which were disseminated from Munich; and Dr. Rieth was recalled from Vienna because he had given his assent to the negotiation of the safe conduct for the withdrawal of the insurgents into Germany without consulting his Government.

The recall of Dr. Rieth was followed immediately by the nomination of Herr von Papen to take his place in Vienna. This appointment had the advantage, from the German Government's point of view, of providing a solution for the difficult problem of Herr von Papen's future status (a problem which had become acute since the 'clean-up' of the 30th June in Germany); but this motive was disguised under the colour of a conciliatory gesture towards Austria. In the letter which Herr Hitler addressed to Herr von Papen on the 27th July he pointed out that 'the attack on the Austrian Federal Chancellor, which the Reich Government must sharply condemn and regret', had 'aggravated the already unstable political situation of Europe'. It was Herr Hitler's 'wish to contribute to a relaxation of the tension of the general situation, and particularly to see the relations with the German-Austrian state . . . led once more into normal and friendly paths'. He had therefore obtained President von Hindenburg's consent to the proposal that Herr von Papen should retire from the Cabinet of the Reich and 'should be appointed for a limited time to a special mission as German Minister in Vienna'—in which position he would be directly responsible to Herr Hitler himself.

If Herr Hitler expected the Austrian Government to accept promptly and with gratitude the olive branch which he thus held out, he was disappointed. It was noted, in Austria and elsewhere, that it was hardly in accordance with diplomatic usage for the appointment of an Ambassador or Minister to be announced before the Government to which he was to be accredited had signified their willingness to accept him; and it was also pointed out that if Herr von Papen's post was to be that of a special envoy directly responsible to Herr Hitler, it would bear more resemblance to the position of a Nazi Commissioner in one of the *Länder* of the Reich than to that of a diplomatic representative in a foreign country. In the Reich Government's request for the Austrian Government's *agrément* of the appointment, which was made on the 27th July, Herr von Papen was referred to not as a special envoy but as a Minister Plenipotentiary, and the Austrian Government accepted his appointment in that capacity on the 7th August. To have refused the *agrément* would

have been an act almost without precedent; but in the interval between the 27th July and the 7th August there were rumours that the Austrian Government were insisting, as a condition of their acceptance of Herr von Papen's appointment, that the German Government should prove the sincerity of their desire for better relations by taking steps to disband the Austrian Legion, to break up the Austrian Nazi organization in Munich, and to exercise a stricter censorship over the references to Austrian affairs in the German Press and in broadcast speeches. It was denied officially that any conditions were actually attached to the grant of the *agrément*, but the Austrian Government appear to have postponed their final decision on the matter until they had a reasonable assurance that their demands would be substantially fulfilled. Within a few days reports were received to the effect that the Austrian Legion was being disarmed and disbanded and its camps broken up,<sup>1</sup> while the Austrian National Socialist Party Executive in Munich announced on the 9th August that orders had been given for its dissolution. The Austrian Government's attitude in regard to Herr von Papen's appointment was defined in a broadcast speech on the 10th August by the official in charge of propaganda, Herr Adam, who explained that the *agrément* had been granted in order to avoid any appearance of reluctance to come to an understanding, but that the success of Herr von Papen's mission would depend on the fulfilment of the demand that Germany should respect Austria's independence and should refrain from interference in her internal affairs. Herr von Papen arrived in Vienna on the 15th August, 1934, and presented his credentials on the 16th; but he then returned to Germany for a holiday, and it was not until the 3rd October that he reappeared in Vienna. This long interval between his appointment and his arrival to take up his duties naturally detracted from the appearance of importance with which his mission had been invested.

During the months of August and September the new Austrian Government were engaged in the task of liquidating the consequences of the Nazi *Putsch* and consolidating their position. On the 29th July President Miklas had asked Dr. Schuschnigg to form a Government; and it was to the credit of Prince Starhemberg that he should have acquiesced in this arrangement without difficulty—in spite, it was said, of pressure from his followers, who had borne the brunt of the fighting in the provinces and felt that they were entitled for that

<sup>1</sup> It was reported in October 1934, however, that the Austrian Legion had not actually been disbanded but that its members had been redistributed in camps further away from the Austrian frontier.

reason to a larger share of political power. Prince Starhemberg retained the post of Vice-Chancellor, and succeeded Dr. Dollfuss as leader of the Vaterländische Front, while Major Fey also continued to act as Special Commissioner for Defence and Security. A newcomer to the Cabinet, Herr von Berger-Waldenegg, who was appointed Foreign Minister, belonged to the Heimwehr, but in other respects the constitution of the Cabinet was not altered. It remained to be seen whether Dr. Schuschnigg would be able to keep his team together and to carry out the Government's avowed intention of pursuing the line of policy which had been laid down by Dr. Dollfuss. The Government were assisted in their task by the strong reaction of public opinion in Austria against the methods of the 'political gangster' which had resulted in Dr. Dollfuss's assassination—a reaction which appeared to hold out some hope that the Chancellor might not have given his life in vain, and that his self-imposed mission of creating a new Austrian national spirit might have left a permanent mark upon his fellow countrymen. Dr. Dollfuss's lying-in-state and his funeral on the 29th July provided the occasion for demonstrations of personal affection for Austria's 'pocket Metternich' and of loyalty to the ideas for which he stood; and the indications were that even certain sections of opinion which had sympathized with the Nazis hitherto were now prepared to support the new Chancellor in any action which he might think necessary for the maintenance of law and order.

The revulsion of feeling against the Nazis which resulted from the circumstances of Dr. Dollfuss's death confirmed the evidence afforded by the failure of the *Putsch* that the strength of the National Socialist movement in Austria was far less than its adherents had boasted and its opponents had feared. The Nazis had recently claimed that their supporters numbered about 70 per cent. of the population of Austria, but this estimate was proved to be a wild exaggeration. The events of the 25th July in Vienna showed that there was still a serious amount of disaffection in the police service and a certain amount in the Army, but that the defence forces as a whole were loyal to the Government; while the working population of Vienna—who had no cause to love the Dollfuss régime—remained perfectly quiet throughout the day and made no attempt to support the Nazis. In the provincial towns, also, the attitude of the working class demonstrated conclusively the almost complete failure of the Nazi campaign for the conversion of Social Democrats; and the comparative ease with which the Nazi risings were suppressed in all the provinces except Styria and Carinthia proved that the movement had gained less hold than



had been feared over the peasant population. One of the most striking features of the *Putsch* was the absence of effective leadership which might have taken advantage of the chaotic situation that existed for a few hours after the capture of the Chancery, when the public was in complete uncertainty as to who was in control of the Government, while the conspirators' agents were in possession of valuable hostages in the persons of the Chancellor and two other Cabinet Ministers. The ineptness and lack of resolution which were thus displayed appeared difficult to reconcile with the supposition that the plot had been prepared beforehand in Germany, except on the hypothesis that the Nazis who attacked the Chancery and the 'Ravag' building were induced—perhaps by fear of betrayal—to act in advance of the appointed time.<sup>1</sup> The leaders of the *Putsch*, whoever they were, seem to have abandoned hope as soon as it became evident that the plan to seize the Cabinet as a whole had failed, and to have escaped out of the country, leaving the Nazis who had actually carried out the attacks to pay the penalty.

There were various rumours concerning the identity of the real leaders;<sup>2</sup> but the authorities appear to have had little definite information on which to act. Two high police officials were arrested and charged with high treason, and the Police President of Vienna was dismissed from his post. A high official in the Public Security Department at the Chancery was also arrested at the beginning of October on the charge of having kept the Austrian Nazi headquarters in Germany informed in regard to police measures against the Nazis. The only other prominent person who was arrested in connexion with the *coup* was Dr. Rintelen. The fact that he had been designated as Chancellor in the announcement which was broadcast, under Nazi compulsion, at 1 p.m. on the 25th July, naturally cast suspicion upon him, and he was placed under detention during the afternoon. A search of his rooms was reported to have led to the discovery of a list of Cabinet Ministers headed by himself as Chancellor. Public

<sup>1</sup> This hypothesis would appear to be supported by the facts that the Austrian Legion did not attempt to cross the frontier until the night of the 25th July, and that a courier carrying documents relating to the plot was arrested at the frontier on the 26th (see p. 477, above). On the other hand, there was some evidence (see p. 471, *n.*, above) that the execution of the plot had been planned for the 24th July.

<sup>2</sup> A barrister named Dr. Otto Wächter, who had frequently undertaken the defence of Nazis who had been put on their trial for crimes of violence and other offences, was believed to have played a leading part. Dr. Wächter was said to have returned from Munich to Vienna a few days before the *Putsch* and to have disappeared on the 26th July. During the trial of Dr. Rintelen in March 1935, a certain Herr Weydenhammer was mentioned as a ring-leader.

belief in his complicity was strengthened by an attempt which he made to commit suicide after his arrest; but he himself consistently protested his innocence. The state of his health made it impossible to bring him to trial for some months, but in March 1935 he was convicted of complicity in high treason and was sentenced to imprisonment for life.

The principal actors who had taken part in the scenes at the Chancery and at the 'Ravag' building were tried by court martial within a few days of the *Putsch*. The ex-soldiers Holzweber, who led the party that invaded the Chancery, and Planetta, who fired the shots that wounded Dr. Dollfuss, were condemned to death and were executed on the 31st July, and death sentences were also passed on the leader of the attack at the 'Ravag' building and on a small number of policemen and soldiers who were convicted of having taken part in the *Putsch*. Sentences of life imprisonment were passed on certain other insurgents who had played a prominent part, but the great majority of the Nazi prisoners were sentenced to short terms of imprisonment or were detained in concentration camps without being brought to trial. Altogether about 5,600 persons were said to have been arrested in consequence of the Nazi *Putsch*, but many of these were released subsequently without trial. The sentences were certainly not more severe than those which had been passed on Socialists who had taken part in the civil war in February 1934, but they could hardly be criticized on the ground of undue leniency, and in this respect the Nazi *Putsch* might be expected to contribute towards the conciliation of the Socialists, who could no longer accuse the Government of discrimination in favour of the Nazis. Nevertheless, up to the end of the year 1934, there appeared to be small prospect that the Socialists would abandon their passive opposition and co-operate with the supporters of the Government to form a single 'Patriotic Front' against the Nazis. Dr. Schuschnigg's Government repeatedly expressed a desire for a reconciliation with the working class without taking any very effective steps to bring it about—an inconsequence which was attributed in some quarters to the influence of Prince Starhemberg. By the autumn of 1934 there were signs that the Socialists had recovered from the apathy and lack of interest in political matters which had been the immediate result of the events of February 1934, and that party activities were going on 'underground'. The authorities also believed that large quantities of propaganda material and of arms were still being smuggled into the country for Socialist use. Early in November 1934 a number of Socialists were arrested, and there were further searches

for arms as the result of reports that an outbreak was being planned to take place on the 12th November (the anniversary of the foundation of the Republic). Streets were closed in Vienna on that day as a precaution against Socialist demonstrations, but no disturbances took place. In December nearly 100 Socialists as well as about 40 Nazis benefited from a Christmas amnesty and were released from detention, and it was announced that legal proceedings which were pending against about 1,000 Socialists who had been implicated in the February fighting would be abandoned.

In the international field Dr. Schuschnigg could count on the continuance of the support which had been accorded to his predecessor. Before the end of August the Governments of France, Great Britain and Italy had agreed to a proposal that the militia force of 8,000 men which had been sanctioned in August 1933 should remain in existence for another year, and that, in addition, a permanent auxiliary police force should be established which would absorb part of the existing semi-military formations which had been acting as auxiliary police. The maximum strength of the three principal 'patriotic' associations—the Heimwehr, the Sturmscharen and the Christlich-Deutsche Turner—was estimated at 80,000. The majority of the members of these associations would remain as a reserve which could be called upon in an emergency. During September 1934 there were discussions at Geneva, on the fringe of the League Assembly, in regard to the desirability of taking further steps to reinforce the independent status of Austria. A renewal of the suggestion for a pact of guarantee between France, Great Britain and Italy again encountered British opposition, and a supplementary proposal from Italy that she should be given a mandate to act on behalf of the three Powers helped to make the idea of such a pact unacceptable to the members of the Little Entente.<sup>1</sup> The Little Entente States were also unfavourable to a suggestion that Austria's independence might be guaranteed by her neighbours, since this would involve the co-operation of Hungary. Another idea which was canvassed was that a pact of guarantee might be signed by all the European members of the League. The statesmen who took part in the conversations at Geneva finally came to the conclusion that the time was not yet ripe for the adoption of any of the proposals which had been discussed, and it was resolved that the question of guaranteeing Austrian

<sup>1</sup> The relations between Italy and Yugoslavia were more unfriendly than usual at this period, in consequence of Yugoslavia's reaction to the movement of Italian troops on the 25th July, 1934, since when the Press of the two countries had been exchanging abuse of a specially violent nature (see pp. 556-8, below).

independence should form one of the topics for examination during the forthcoming visit of the French Foreign Minister to Rome.<sup>1</sup> In the meantime, it was decided that the three Powers which had signed the declaration of the 17th February, 1934,<sup>2</sup> might usefully reaffirm the policy which that declaration had announced. Accordingly, on the 27th September, 1934, the following statement was issued on behalf of the three Governments concerned:

After having proceeded to a fresh examination of the Austrian situation, the representatives of France, the United Kingdom and Italy have agreed, in the name of their Governments, to recognize that the declaration of the 17th February regarding the necessity of maintaining the independence and integrity of Austria in accordance with the Treaties in force retains its full effect and will continue to inspire their common policy.

In the speech which Dr. Schuschnigg made before the Assembly of the League on the 12th September, 1934, he laid stress on the importance of maintaining Austria in her existing condition of independence in her own interests and in the interests of European peace, and proclaimed his intention of defending his country's integrity. A speech in the same vein was made by the Austrian Foreign Minister on the 14th September. These statements on the subject of Austrian independence reflected the Austrian Government's anxiety not to alienate the Powers on whose support—economic as well as moral—they believed that they could count so long as Austria continued to resist German efforts to 'assimilate' her. At the same time the Austrian Government could hardly be blamed if they felt some doubt whether the Powers would be able or willing to guarantee that Austria would enjoy a degree of security and prosperity which would justify her in abandoning any idea of union with Germany in perpetuity. Various alternatives to the *Anschluss* as a solution for the Austrian problem had been canvassed for many years with little or no practical result, and there still appeared to be small prospect that any scheme which would ensure permanent stability and prosperity for Austria in a wider framework would be put into force in the near future. Pending the adoption of a lasting solution, there were obvious advantages in relieving the pressure upon Austria by coming to an understanding with Germany, and Dr. Schuschnigg

<sup>1</sup> See the present volume, section D (ii) of this part, for the circumstances in which this visit was arranged and for its postponement in consequence of Monsieur Barthou's assassination. The results of the visit to Rome which was paid by Monsieur Barthou's successor in January 1935, including the pact relating to Austria, will be dealt with in another volume.

<sup>2</sup> See pp. 454-5, above.

was only following the precedent which had been set by Dr. Dollfuss in entering into negotiations with the Nazis with this end in view. In the autumn of 1934 there was a better prospect for the success of such negotiations than there had been in the preceding year, because active interference by Germany in Austrian affairs had practically ceased after the 25th July. The international repercussions of the Nazi *Putsch* combined with the imminence of the plebiscite in the Saar Basin—and the consequent concentration of German attention on that region—to give Austria a breathing-space; but the probability that the assimilation of Austria would resume its place in the forefront of the Nazi programme as soon as the question of the Saar was settled indicated the desirability of turning the interval of freedom from pressure to good account.

The Austrian Government did not conceal their suspicion that the apparent change in German policy towards Austria which had followed the failure of the Nazi *Putsch* did not arise from any change of heart,<sup>1</sup> and it was not without significance that the arrival of Herr von Papen on the 3rd October, 1934, to enter upon his duties as Minister Plenipotentiary in Vienna should have coincided with the publication of the official account of Nazi activities in Austria before the *Putsch*, of the *Putsch* itself and of the evidence upon which the Austrian Government based their accusation of German complicity.<sup>2</sup> Nevertheless, even before Herr von Papen's arrival, negotiations had been going on between the Government and Nazi representatives regarding the possibility of the admission of the Nazis into the Vaterländische Front, and these negotiations continued throughout October. The Nazis were reported to have demanded as a condition of their co-operation that they should receive an adequate number of seats in the new legislative institutions which were being created;<sup>3</sup> that the 'persecution' of former state employees who were Nazis should cease; that there should be an amnesty for Nazis sentenced in connexion with the *Putsch*; and that the refugees in Yugoslavia—and perhaps even those in Germany—should be allowed to return. If these terms were granted they were said to have promised that propaganda would cease and that Austria would receive favourable

<sup>1</sup> For instance, Dr. Schuschnigg told the correspondent of *The Times* in September 1934 that while it was true that Nazi outrages and broadcast attacks had ceased since the end of July, the Government were watching to see whether the Austrian Legion had really been disbanded or merely distributed among other units, and whether the organizing centre at Munich had really been abolished or had only changed its quarters.

<sup>2</sup> *Beiträge zur Vorgeschichte und Geschichte der Julirevolte.*

<sup>3</sup> See footnote on pp. 464–5, above.

economic treatment from Germany. The primary condition imposed by the Government was the unqualified adherence of the Nazis to the principle of Austrian independence. Negotiations on these bases do not appear to have made much progress, and indeed in the middle of November Dr. Schuschnigg denied that there had been anything in the nature of formal negotiations and explained that conversations had taken place merely because it was impossible for him to refuse to receive people who wished to talk to him. Meanwhile Herr von Papen had been endeavouring to promote a reconciliation between Austria and Germany through the normal diplomatic channels, and though the concrete results of his efforts were not imposing, the Austrian Government did not reject his advances. The Austrian Press was apparently warned to refrain from attacks on Germany, and at the beginning of December permission was given for the reopening of 167 branches of the Deutsche Turnerbund—a German Gymnastic Association whose activities had been prohibited after the Nazi *Putsch*. A week later it was reported that more than half of the Nazis who had been interned in the largest Austrian concentration camp had been released. Simultaneously, Herr von Papen announced a German concession by which subjects of the Reich might visit relatives in Austria without paying the special fee for a passport visa.

Thus, as this eventful year drew towards its close, a certain relaxation of the tension between Austria and Germany was making itself felt, but it was not clear whether this improvement in the relations between the two countries would be anything but temporary. Nor was it clear whether there was in fact any possible basis for a permanent *rapprochement* between Austria and the Third Reich other than a capitulation of Austria to National Socialism which would be regarded by other Powers as a menace to European security.

#### (ii) The Italo-Austro-Hungarian Pact of the 17th March, 1934, and the Little Entente

It has been mentioned in the preceding section<sup>1</sup> that the alternatives to the *Anschluss*, which had been propounded from time to time as a solution for the problem of Austria's future, included a proposal for the establishment of a system of preferential tariffs between the five Danubian states (Austria, Hungary, Czechoslovakia, Yugoslavia and Rumania). This proposal was put forward by the French Government in March 1932 and was rejected, as a result of German and

<sup>1</sup> See p. 420, above.

Italian opposition, at a Four-Power Conference in London in the following month. This 'Tardieu Plan' had been drafted in close co-operation with Czechoslovakia, and it reflected Czechoslovak views as to the best solution of Central European problems. The Czechoslovak Foreign Minister, Dr. Beneš, had long advocated close economic collaboration between the three members of the Little Entente and Austria and Hungary, on the basis of a 'political truce' which would preclude Hungary from raising questions of territorial revision. The Tardieu Plan was accepted in principle, as a basis for negotiation, by all the five states concerned except Austria, who did not commit herself definitely on the subject; but Dr. Beneš insisted that the Danubian states must be left free to make their own arrangements without any interference from the Great Powers, and that any negotiations with Powers such as Germany and Italy, whose most-favoured-nation rights would be prejudiced by the proposed system of preferences, should be postponed until the Danubian states had come to an agreement. At the same time, Dr. Beneš made it a condition of continuing the negotiations that the Great Powers should accept the plan in principle. Neither Germany nor Italy, however, regarded with favour the prospect of an extension of French influence in Central Europe by means of the formation of an economic federation of the Danubian states under French auspices, and both Powers also objected to the Tardieu Plan on the ground that it would deprive them of their share of the Central European market. Both Germany and Italy expressed the opinion that the help which both Austria and Hungary<sup>1</sup> urgently needed could best be afforded by means of bilateral agreements, and while Germany declared herself ready to negotiate preferential arrangements with those countries, Italy was able to point to the fact that, at the moment when the Tardieu Plan was launched, she had just concluded agreements with Austria and Hungary which were designed to facilitate the exchange of goods between Italy and those countries.<sup>2</sup>

A project for developing closer economic relations between Austria, Hungary and Italy was said to have been already far advanced in May 1931, but it had been laid aside as a result of the Credit-Anstalt crisis and subsequent events.<sup>3</sup> With the failure of the French plan for Danubian preferences in 1932 this Italian scheme gradually took shape, though almost two years elapsed between the rejection

<sup>1</sup> For the financial and economic position of Hungary at the beginning of 1933 see the *Survey for 1932*, Part I, section (iii) (d).

<sup>2</sup> An Italo-Austrian commercial agreement had been signed on the 18th February, 1932, and an Italo-Hungarian agreement on the 23rd February.

<sup>3</sup> See the *Survey for 1931*, Part I, sections (i) (c) and (ii) (f).

of the Tardieu Plan at the London Conference in April 1932<sup>1</sup> and the signature of the Italo-Austro-Hungarian protocols on the 17th March, 1934. The Italo-Hungarian side of the triangle already rested on firm foundations, for the friendship between Italy and Hungary was of long standing,<sup>2</sup> and Signor Mussolini's active championship of the principle that revision of the peace treaties was necessary<sup>3</sup> strengthened the Italian hold over a country which had never ceased to protest against the territorial provisions of the Peace Settlement. It had become almost a matter of routine for Hungarian statesmen to visit Rome at frequent intervals, and negotiations for the establishment of closer economic relations proceeded without encountering any particularly serious obstacles or attracting special attention. An important step forward was taken in November 1932, when the Hungarian Prime Minister, General Gömbös,<sup>4</sup> discussed the position with Signor Mussolini in Rome. It was agreed on this occasion that a Mixed Commission should be appointed to develop Italo-Hungarian commerce, and steps were also taken to provide a final solution of various financial problems arising out of the partition of the Austro-Hungarian Empire which were still outstanding.

The task of effecting a *rapprochement* between Italy and Austria was complicated by the fact that in 1931 Italy had taken sides with France and the Little Entente states and against Germany and Austria in the controversy over the projected customs union between Austria and Germany.<sup>5</sup> The Italian scheme for closer economic relations between Austria, Hungary and Italy was designed to cure Austria of her propensity to look to Germany for salvation by giving her economic outlets in other directions; but in 1932 public opinion in Austria was still very sore on the subject of the compulsory abandonment of the customs union, and it would have been hard

<sup>1</sup> The Tardieu Plan, as a practical proposition, received its death-blow at the London Conference, but it lingered on for some months in a state of suspended animation, and efforts were made at intervals to revive it. In July 1932, for instance, the French Government gave their consent to the proposal for making an international loan to Austria (see pp. 420-1, above) on the understanding that the loan was to be regarded as the first step towards a general reconstruction of the Danubian area as a whole. Czechoslovakia also did not abandon hope that a Danubian federation on the lines of the Tardieu Plan might be achieved, until the Italian counter scheme was nearing completion (see below, pp. 498-9, 501-2).

<sup>2</sup> See the *Survey for 1927*, Part II C, section (i).

<sup>3</sup> See the *Survey for 1930*, pp. 18-20.

<sup>4</sup> General Gömbös had taken office as Prime Minister at the end of September 1932. His predecessor, Count Julius Karolyi, had been in office for thirteen months, Count Bethlen's long tenure of the Premiership having ended in August 1931.

<sup>5</sup> See the *Survey for 1931*, Part III A.



for the Austrian Government to execute a complete *volte-face* and respond with enthusiasm to the Italian overtures. After the conclusion of the Italo-Austrian commercial agreement in February 1932 little further progress was made until the relations between Austria and Germany had been fundamentally changed by the advent of Herr Hitler to power in January 1933.<sup>1</sup> Thereafter, relations between Austria and Italy became increasingly cordial, and members of the Austrian Government, like their Hungarian *confrères*, developed the habit of paying frequent calls on Signor Mussolini. The foundations of the Italo-Austro-Hungarian Pact of March 1934 were laid in April 1933 when the Austrian Chancellor, Dr. Dollfuss, spent Easter in Rome,<sup>2</sup> and further visits from Dr. Dollfuss in June<sup>3</sup> and in August 1933<sup>4</sup> gave opportunities for additional discussions.

The principal difficulty now lay in drawing the third side of the triangle between Austria and Hungary. In 1932 relations between these two states were decidedly strained in consequence of Austria's denunciation of the Austro-Hungarian commercial treaty, and for a few weeks in the summer they were actually engaged in a tariff war.<sup>5</sup> Negotiations for a new treaty were, however, successfully concluded towards the end of the year, and an agreement was signed on the 21st December. Relations between Austria and Hungary were also improved by the signature on the 27th November, 1932, of a treaty which settled an obstinate dispute over the ownership of certain *objets d'art* which had been the property of the former Hapsburg Monarchy. The more friendly feeling which resulted from the conclusion of these agreements was strengthened during the early months of 1933 by an interchange of official visits, and on the 21st May, 1933, General Gömbös took the opportunity of a private visit to Vienna to discuss outstanding questions with Dr. Dollfuss. While the Austrian and the Hungarian Governments were ready by this time to fall in with the Italian plans for the establishment of closer economic relations,<sup>6</sup> their views on foreign policy diverged in several

<sup>1</sup> See the preceding section of this part of the present volume.

<sup>2</sup> See pp. 442-3, above.

<sup>3</sup> See p. 443, above.

<sup>4</sup> See p. 447, above.

<sup>5</sup> See p. 424, above.

<sup>6</sup> As a result of the development of industry in Hungary and of agriculture in Austria since the break-up of the Hapsburg Empire, the economic systems of the two countries now overlapped to a degree which made it difficult to pursue economic *rapprochement* beyond certain limits. In April 1933 there were indications that opinion in Budapest was not favourable to the idea of a customs union with Austria; but in the following July, after conversations had taken place between Dr. Dollfuss and General Gömbös (see p. 492, below), the latter told press representatives that in his opinion Austria and Hungary were economically interdependent and that if necessary the principle of economic self-sufficiency must be sacrificed in the interests of *rapprochement*.

important respects. Austria, for instance, dissociated herself from the Hungarian standpoint on the question of treaty revision, while Hungary had no wish to be involved in the dispute between Austria and Nazi Germany which had already become acute at the time of the Hungarian Prime Minister's visit to Vienna in May 1933.<sup>1</sup>

Hungary, in fact, had reached a turning-point, and the possibility that she might wreck Signor Mussolini's scheme by altering her own course could not be excluded from consideration. The negotiations for the Four-Power Pact between France, Germany, Great Britain and Italy which had been going on during the spring of 1933<sup>2</sup> had proved that the Little Entente states had not abated any of their objections to the idea of territorial changes at their expense; and the terms of the pact as agreed by Italy and the other three Powers on the 7th June, 1933, appeared to deprive Hungary of any hope of securing treaty revision, with Italy's assistance, in the near future. In these circumstances Hungary might well be tempted to hitch her waggon to another star. Hungarian statesmen looked with some concern upon the prospect that a common frontier might be established between Hungary and Germany as a result of the incorporation of Austria into the Third Reich;<sup>3</sup> but they could argue that if Germany succeeded in her designs on Austria she would be powerful enough to help Hungary in fulfilling her own territorial ambitions, and would in any case be too powerful for Hungary to resist. Moreover, it was decidedly to Hungary's advantage to retain the German market for her agrarian exports, the loss of which could not be compensated for even by the closest economic relations with Austria and Italy. The Hungarian Government thus had strong inducements to respond to the efforts which the German Government had been making to attach Hungary to Germany by offers of specially favourable commercial treatment. Preferential treatment for Hungarian trade had been arranged in a German-Hungarian agreement of the 18th July, 1931; and while the offer to grant further preferences to Austria and Hungary which had been made by Germany at the time when the Tardieu Plan was under discussion<sup>4</sup> had been withdrawn, so far as Austria was concerned, in consequence of the Austro-German dispute over Nazi activities, it had remained valid for Hungary, and negotiations had been in progress on that basis. In June 1933, when these negotiations

<sup>1</sup> See pp. 438-42, above.

<sup>2</sup> See the *Survey for 1933*, Part II, section (ii).

<sup>3</sup> For Hungary's first reactions to Herr Hitler's triumph in Germany see the *Survey for 1933*, pp. 193-6.

<sup>4</sup> See p. 420 n., above.

had reached their final stage,<sup>1</sup> General Gömbös caused considerable surprise and some concern, in Hungary itself<sup>2</sup> no less than in Austria and Italy, by visiting Berlin on the 16th and 17th of that month. The discussions which took place between Herr Hitler and the Hungarian Premier were officially reported to have dealt mainly with economic questions; but General Gömbös's sudden journey to Berlin, at a moment of crisis in Austro-German relations,<sup>3</sup> gave rise to the suspicion that a readjustment of Hungary's political alignments had been the real subject of consideration and that she was contemplating an act of desertion from the Italian to the German camp. If General Gömbös did indeed travel to Berlin with some such idea in his mind, his conversations in that city apparently convinced him that, for the time being at any rate, the advantages of a German alliance were not sufficiently substantial to make it worth Hungary's while to alienate Italy, and that his best course would be to endeavour to keep one foot in either camp pending further developments. At all events, General Gömbös followed up his visit to Berlin by further visits to Vienna and Rome, during which the project for an Italo-Austro-Hungarian *rapprochement* made a definite advance.

At the interview which took place between Dr. Dollfuss and General Gömbös in Vienna on the 9th July, 1933, economic relations again formed the main topic of discussion, and the two statesmen were said to have agreed upon the principle of close collaboration in the economic field. They were reported, in addition, to have undertaken to consult one another on any questions of importance which might arise in the future. On the 25th-28th July, 1933, General Gömbös and his Foreign Minister, Monsieur de Kanya, visited Rome, where they were received in a manner which indicated that the Italian Government wished to avoid any appearance of resenting General Gömbös's consultation with Herr Hitler. It was to be assumed that Signor Mussolini and General Gömbös, in the course of their conversations, touched upon the question of the Four-Power Pact in its relation to Hungary's territorial ambitions, but the nature and outcome of their discussions in the political field were not made public. On the economic side the principal immediate result of the meeting was that Italy agreed to take a larger quantity of Hungary's surplus

<sup>1</sup> The new treaty was signed on the 22nd July, 1933.

<sup>2</sup> General Gömbös's action was the subject of a good deal of adverse comment in the Hungarian Parliament on his return from Berlin. Both General Gömbös and Monsieur de Kanya were criticized as too 'pro-German' by many Hungarians, who suspected them of a desire to establish some kind of Fascist régime.

<sup>3</sup> See p. 440, above.

wheat, but the possibilities of developing commercial exchanges still further between Austria and Hungary and Austria and Italy, as well as between Hungary and Italy, were understood to have been thoroughly explored.

Meanwhile, the Italian Government had been encouraged by the Franco-Italian *détente*, which had accompanied the conclusion of the Four-Power Pact, to take up with the French Government the question of reorganization in the Danubian area. An exchange of views proceeded through diplomatic channels during the summer months, and culminated at the end of September 1933 in the circulation to interested Powers of an Italian memorandum on Danubian economic reconstruction. This memorandum,<sup>1</sup> which bore the date of the 29th September, 1933, took as its basis the conclusions which had been reached at the Stresa Conference in September 1932.<sup>2</sup> The idea of a Danubian Economic Federation, on the lines suggested by France in March 1932, was rejected, on the ground that the five states concerned differed so widely in territorial extent and economic conditions that no single plan could be devised that would meet the needs of all of them. The Italian proposal was for a series of bilateral agreements designed to enable the Danubian states to increase their exports by ensuring preferential treatment for their cereals and other agricultural products, and also for the industrial products of Austria. As a *quid pro quo* it was suggested that each of the Danubian countries should reserve a fair part of its market for every non-Danubian country which granted it preferential treatment, even if the trade balance with such countries was unfavourable. It was also suggested that measures should be taken to direct the traffic of the Danubian countries along the natural routes and to improve the balance of payments of those countries. The memorandum was put forward as a basis for discussion between the Danubian countries and the signatories of the Four-Power Pact, and as such it was accepted by France.<sup>3</sup> In the second week of October it was announced that the French and Italian Governments were in agreement as to the usefulness of the recommendations of the Stresa Conference, and that they had decided that any difficulties in the way of putting the proposed system of preferential tariffs into effect should be discussed through diplomatic channels.

<sup>1</sup> The text was published in the *Corriere della Sera* of the 8th October, 1933.

<sup>2</sup> See the *Survey for 1932*, pp. 23-4 and 87 *seqq.*

<sup>3</sup> Italy suggested that a conference of these Powers should be summoned to carry on the work of the Stresa Conference, but France preferred the method of negotiation through diplomatic channels.

The special significance of the Italian proposals of September 1933 lay in the fact that the system now contemplated would embrace the states members of the Little Entente as well as Austria, Hungary and Italy. The political motive behind the Italian suggestions was no doubt to be found in the increasing vigour of the German campaign for the *Gleichschaltung* of Austria,<sup>1</sup> since nothing was more likely to encourage Austria to resist German pressure than the removal of tariff barriers between her and her neighbours. The organization of a common front to check German expansion eastwards was a matter in which French and Italian interests coincided, but the fact that France regarded the Italian scheme with goodwill did not ensure its acceptance by her East European protégées, who could not feel certain that a preoccupation with the question of preventing the union of Austria with Germany might not make France forgetful of their interests. The conclusion of the Four-Power Pact in its ultimate form—and, in particular, Italy's acceptance of the watering-down of her original draft in respect of treaty revision—had gone far to reassure the states members of the Little Entente;<sup>2</sup> but their suspicions in regard to Italy's intentions had been re-awakened since the signature of the Pact by rumours, which had

<sup>1</sup> See pp. 448 *seqq.*, above.

<sup>2</sup> At the beginning of 1933 the Little Entente states had been much perturbed by the 'Hirtenberg Incident', which they regarded as proof that Italy was helping in the clandestine arming of Austria and Hungary. (For the earlier incident of the same kind, arising out of the discovery of a consignment of machine-gun parts on the Austro-Hungarian frontier on the 1st January, 1928, see the *Survey for 1928*, Part II, section (ii).) Early in January 1933 it became known that consignments of rifles and machine-guns had been despatched on the 30th and 31st December, 1932, from Italy to a cartridge factory at Hirtenberg in Austria, and it was believed that some of these munitions had been sent on to Hungary. Representations which were made in Vienna on the 10th and 11th January by the French Minister and the representatives of the Little Entente elicited the reply that the arms were of Austrian origin and had been returned to Hirtenberg for repair. On the 24th January the Governments of the Little Entente states decided to refer the matter to the League Council, but they subsequently agreed to postpone their appeal pending the result of inquiries which were made in Vienna, Rome and Budapest by the diplomatic representatives of France and Great Britain. As a result of these inquiries the French Government, with the approval of the British Government, despatched a note to Vienna on the 11th February demanding the sworn testimony of customs officials that the arms had been either destroyed or returned to Italy, whose Government were willing to take them back on the condition that a signed statement was accepted as proof of their return. The Austrian Government refused to accept the demand for sworn testimony, but they offered, as a compromise, to return the arms to Italy after they had been repaired, and a settlement was finally reached on this basis. The settlement was accepted by the Little Entente states on the 1st March, 1933, on the understanding that it should not be regarded as establishing a precedent.

become current towards the end of June 1933, to the effect that what Italy really had in mind was the political union of Austria and Hungary under a Hapsburg monarch.

These rumours appear to have had their origin in the fact that the question of establishing closer relations between Austria and Hungary was believed to have come up for discussion in the course of the exchange of views between France and Italy. It was officially denied that the question of a Hapsburg restoration was mooted during these discussions, but there was a widespread belief that the question was in fact raised and was even considered as a serious possibility by some members of the French Government. Whether the Governments of the Little Entente states were formally approached on the subject or not, their spokesmen did not fail to make it clear that their attitude had not undergone any change since the days in October 1921 when Czechoslovak and Yugoslav troops had been mobilized in order to prevent the return to Hungary of the ex-Emperor-King Charles Hapsburg.<sup>1</sup> According to a statement in an Hungarian newspaper of the 22nd June, 1933, a 'leading personality' of the Little Entente declared in so many words that the states members of the Little Entente would not go to war in order to prevent the *Anschluss* of Austria to Germany, but that they would mobilize their armies at once if there was any serious question of a Hapsburg restoration. The idea that Austria and Hungary might be united again under Hapsburg rule was also still unacceptable to one at least of the intended parties in the proposed union—though, in this matter, Austria and Hungary had exchanged their respective rôles in the course of the thirteen years that had elapsed since Charles's final failure to recover the Crown of Saint Stephen. In 1921 the revolutionary revulsion against the Dynasty had been still so strong in Austria that Charles had made no attempt to re-establish himself there, and had concentrated all his hopes upon the Hungarian Legitimists. Since that time the Monarchist movement had received a considerable impetus in Austria as a result of the increasing influence of the Heimwehr in Government circles; for the ultimate restoration of the Monarchy was one of the objects of Heimwehr policy, though Prince Starhemberg and other Heimwehr leaders had shown that they recognized the undesirability of forcing the issue. The Austrian Monarchists took the line that the best preparation for an eventual return of the Hapsburgs lay in the removal of the disabilities under which the members of the family had suffered since 1919,<sup>2</sup> and they

<sup>1</sup> See the *Survey for 1920-3*, Part II, section (iii) (2).

<sup>2</sup> Laws of the 3rd April, 1919, had expelled the Hapsburgs from Austria,

made it clear that they did not contemplate a Monarchist *Putsch*. The movement for restoring the Hapsburgs' rights had the sympathy of the Austrian Chancellor; but Dr. Dollfuss also let it be known that in his view the question of the return to monarchical government was not 'actual'. Thus, in Austria, by 1933, the idea of an eventual restoration of a Hapsburg régime was visibly making headway, though it had not yet reached the point of becoming practical politics. In Hungary, on the other hand, the Government of the day and the parties which supported it were strongly anti-Monarchist. It was General Gömbös who, in 1921, had been responsible for collecting the troops which defeated the followers of the ex-Emperor Charles and took him prisoner,<sup>1</sup> and in 1933, when the General found himself at the head of the Hungarian Government, he let it be known that he had no intention of permitting Hungary's position and her chances of obtaining a revision of the territorial settlement to be prejudiced by the reopening of the Hapsburg Question. General Gömbös made a statement on the subject in the Hungarian Parliament on the 24th June, 1933, in the course of which he declared that he had welcomed the law deposing the Hapsburgs, that it was inexpedient to entrust the nation's destinies to 'a crowned child of twenty-one', and that the solution of the Hapsburg Question was 'not urgent, because, from the international point of view, the extremely complicated European situation should not be complicated still further by the question of the restoration'. Moreover, so far as the question of a personal union between Austria and Hungary was concerned, the situation was affected by the fact that the Hungarian Monarchists were not only a relatively uninfluential opposition party but also did not see eye to eye with the more powerful Austrian Monarchists. The Hungarian Legitimists looked forward to the return of a Hapsburg King of Hungary to Budapest, but they had no more desire than the Czechoslovak, Yugoslav and Rumanian ex-subjects of the Emperor-King Francis Joseph to come again under the rule of a Hapsburg Monarch resident at Vienna.

While the three members of the Little Entente presented a common front in opposition to the reopening of the Hapsburg Question, their views on the general problem of Danubian solidarity were coloured by a divergence in their interests in regard to the question of German

deprived them of their rights of citizenship, and confiscated their property. These provisions had been incorporated into the Republican Constitution of Austria, but they were omitted from the new Constitution which was promulgated on the 30th April, 1934, and thereafter the anti-Hapsburg laws could be cancelled at any time.

<sup>1</sup> See the *Survey for 1920-3*, *loc. cit.*

expansion—a divergence which is noticed elsewhere.<sup>1</sup> Thus it was Czechoslovakia who showed most interest in the proposals contained in the Italian memorandum, while Yugoslavia and Rumania were plainly anxious not to commit themselves either one way or the other until the political implications of the move had become clearer. The comments on the memorandum in the Czechoslovak Press were friendly, though some doubts were expressed in regard to the suggested extension of the preferential system to Austrian industry, which might, it was felt, run counter to Czechoslovak interests. Moreover, Dr. Beneš visited Vienna in the middle of October for a discussion of economic and political questions with Dr. Dollfuss; and, though the practical results of the conversations were meagre and negotiations for an Austro-Czechoslovak commercial treaty continued to make little progress, the visit was taken as proof of Czechoslovakia's readiness to enter into closer relations with Austria. Yugoslavia and Rumania, for their part, did not reject the possibility which the Italian initiative offered of effecting an improvement in their own economic position *vis-à-vis* Italy. In spite of the persistent political tension between Italy and Yugoslavia, Italy had never ceased to be Yugoslavia's best customer, and although Italian exports to Yugoslavia had gradually fallen off, Italy still held in 1933 the fourth place in the list of countries from whom Yugoslavia received her imports. The commercial relations between the two countries were still governed in 1933 by a treaty of the 14th July, 1924, as modified by a supplementary agreement which had been concluded, on Italian initiative, on the 25th April, 1932. In view of the unsatisfactory relations which had existed between Italy and Yugoslavia for many years and which had only just begun to take a turn for the better,<sup>2</sup> the arrival of a Yugoslav delegation in Rome early in November 1933 to negotiate for a new commercial treaty was generally regarded as an event of considerable political significance, and the Italian Press acclaimed the successful conclusion of the negotiations by the signature of a treaty on the 4th January, 1934, as proof of a genuine *rapprochement* between Italy and Yugoslavia. Italo-Rumanian commercial negotiations also began in the late autumn of 1933 and resulted in the signature of a new treaty, replacing all existing commercial agreements between the two countries, on the 5th January, 1934.<sup>3</sup> Both the Italo-Yugoslav and

<sup>1</sup> See the Introduction to this part of the present volume, pp. 331–3, 341 *seqq.*, above.

<sup>2</sup> See pp. 555–6, below.

<sup>3</sup> A pact of friendship and collaboration between Italy and Rumania had been concluded on the 16th September, 1926, for five years, and during 1932



the Italo-Rumanian Treaty provided for the establishment of Mixed Commissions to supervise commercial exchanges and make suggestions for their improvement.

Meanwhile, the states members of the Little Entente had also been taking steps to consolidate their own economic relations. In June 1933 the Permanent Council of the Little Entente which had been established by the new statute of the 16th February, 1933,<sup>1</sup> and which consisted of the Foreign Ministers of the three states, had drawn up plans for the formation of an Economic Council, and at a further meeting in September 1933 the Foreign Ministers had discussed in outline various proposals for economic co-operation which were to be considered in greater detail by the Economic Council at its first meeting. This meeting took place in Prague on the 9th–17th January, 1934, under the chairmanship of Dr. Beneš, and resulted in the adoption of a series of resolutions dealing with co-operation in matters relating to navigation on the Danube, communications by railway and by air, and postal services, and to the unification of commercial law and banking policy. The similarity of the products of Yugoslavia and Rumania, both of them agricultural countries, made it impossible to develop commercial exchanges between those two states to any considerable extent, and Czechoslovakia, whose products were agricultural and industrial in roughly equal measure, could not absorb the whole of her partners' excess cereal production. The Little Entente, therefore, could not become a self-sufficing economic unit, but needed wider markets. Throughout the proceedings of the Economic Council Dr. Beneš laid stress on the desire of the three members of the Little Entente not to exclude any other Central European country from their plans for economic collaboration. 'Just as the politics of the Little Entente have a peaceful aim', he said, 'so also the economic aims of the Little Entente are intended to inaugurate a genuine struggle to surmount the general trade crisis, and thus to contribute to the economic restoration first of Central Europe and then of Europe as a whole.' If Dr. Beneš still felt that the ideal arrangement would be on the lines of the Tardieu Plan—a loose economic federation of the Danubian states, enjoying the moral support and goodwill of the Great Powers, but not subject to

there were suggestions that the pact might be revised and its terms made more precise. The Rumanian Government were unwilling to accept certain modifications of the terms to which the Italian Government attached importance, but the original agreement was prolonged at six-monthly intervals until the 18th January, 1934, when it was allowed to lapse. It was emphasized on both sides, however, that the expiry of the treaty did not signify any deterioration in Italo-Rumanian relations.

<sup>1</sup> See the *Survey for 1933*, Part II, section (ii).

interference from them—he was too good a statesman not to appreciate the realities of the situation; and now that France had given her blessing to the Italian scheme it was evident that if a Danubian system was to be organized at all it would have to be on a basis that would take account of Signor Mussolini's insistence upon Italian participation.

During the first weeks of 1934 the Italian Government pushed on the plans for the economic *rapprochement* of Austria, Hungary and Italy—leaving open, for the moment, the question of closer co-operation with the states members of the Little Entente. Signor Suvich, the Italian Under-Secretary for Foreign Affairs, visited Vienna on the 18th–20th January, 1934, and Budapest on the 21st–23rd February. On his return from Budapest to Rome he broke his journey for a few hours at Vienna for a further discussion with Dr. Dollfuss, who had himself spent the 7th and 8th February in Budapest. These bilateral conversations concluded the penultimate phase of the negotiations, and it was decided that Dr. Dollfuss and General Gömbös should go to Rome in the middle of March for final discussions *à trois*. These discussions took place from the 13th to the 16th March, 1934, and on the 17th three protocols were signed.

The first protocol took the form of a consultative pact between the three countries. In it Signor Mussolini, Dr. Dollfuss and General Gömbös declared that they were 'animated by the intention to aid the maintenance of peace and the economic restoration of Europe on the basis of respect for the independence and rights of every state'<sup>1</sup> and were 'persuaded that collaboration between the three Governments in this sense' could 'establish real premisses for wider co-operation with other states'. They undertook accordingly:

to concert together on all the problems which particularly interest them and also on those of a general character, with the aim of developing, in the spirit of the existing Italo-Austrian, Italo-Hungarian and Austro-Hungarian treaties of friendship<sup>2</sup> based upon the recognition of the

<sup>1</sup> The insertion of this clause emphasized the importance which Italy attached to the cessation of German interference in Austria (see the preceding section) and was interpreted as a warning to Germany to mend her ways. The German Government had not received any information from Rome regarding the progress and nature of the negotiations with Austria and Hungary, and some concern had been displayed in Berlin at the development of a scheme which was obviously designed to counter German plans for the *Gleichschaltung* of Austria. As soon as the terms of the protocols were made known, however, German Press comment, no doubt under official inspiration, took the line that there was nothing detrimental to German interests in the Italo-Austro-Hungarian arrangements.

<sup>2</sup> A treaty of friendship, conciliation and arbitration between Italy and Hungary had been signed on the 5th April, 1927; a treaty of arbitration,

*existence of their numerous common interests, a concordant policy which shall be directed towards effective collaboration between the European states and particularly between Italy, Austria and Hungary. To this end the three Governments will proceed to common consultations each time that at least one of them may consider this course opportune.*

The second protocol provided for the development of economic relations between the three countries 'in harmony with the spirit of the decisions taken at the Stresa Conference and with the principles contained in the Danubian memorandum' which had been drawn up by Italy in September 1933. The three Governments undertook to extend the scope of the agreements which were already in force between them in order to increase facilities for reciprocal export. New bilateral agreements for this purpose were to be concluded before the 15th May, 1934, and steps were also to be taken before that date to overcome the difficulties which Hungary was experiencing in consequence of the fall in the price of grain. Further bilateral agreements were to be concluded at the earliest possible date in order to facilitate and develop transit traffic through the Adriatic ports. A permanent committee of three experts was to be set up to follow the course of economic relations between the three countries and to formulate concrete proposals for their development in the spirit of the protocol.

The third protocol was complementary to the second and was signed only by Signor Mussolini and Dr. Dollfuss. It provided that a new Austro-Italian commercial agreement should be concluded before the 15th May, 1934, in which Italy would grant preferential treatment for as many Austrian industrial products as possible. These concessions, however, were to be kept within 'reasonable limits' in consideration of the rights of other countries entitled to most-favoured-nation treatment. It was also provided that arrangements regarding customs facilities might be negotiated by interested producers in Austria and in Italy, who would be encouraged by their respective Governments to come to an understanding between themselves.

Until the terms of the protocols of the 17th March, 1934, were made public it was believed in other countries that the negotiations were concerned mainly, if not entirely, with economic questions, and the news that a consultative pact had been signed came as a surprise and revived the suspicion that political motives were at the bottom of the economic *rapprochement* between the three states. The actual conciliation and judicial settlement between Austria and Italy on the 6th February, 1930; and a treaty of friendship, arbitration and conciliation between Austria and Hungary on the 26th January, 1931.

terms of the consultative pact, with its reference to 'premisses for wider co-operation with other states', appeared harmless enough, but the final phase of the Italo-Austro-Hungarian negotiations had coincided with a revival of rumours that a Hapsburg restoration was under consideration; this had caused the Governments of the Little Entente countries to renew their declarations that they would regard the return of the Hapsburgs as a *casus belli*;<sup>1</sup> and Signor Mussolini added fuel to the flame by choosing the occasion of a speech to Fascist leaders on the 18th March, 1934, the day following the signature of the protocols, to make it clear that Hungary's territorial ambitions were still regarded with sympathy by Italy.<sup>2</sup> The Hungarian Government themselves did nothing to dispel the suspicions aroused by Signor Mussolini's speech; and the fear that economic co-operation with Hungary implied revision of the territorial settlement<sup>3</sup> continued to constitute a serious obstacle to the establishment of co-operation between the Little Entente and the Italo-Austro-Hungarian group.

Nevertheless, the Governments of the Little Entente were careful not to take any step which could be interpreted as a definite rejection of the Italian offer of economic collaboration. The references to 'the principles contained in the Danubian memorandum' in the second of the three protocols of the 17th March indicated that this offer was still open, and comment on the protocols in the Italian Press laid

<sup>1</sup> Statements to this effect were made by Dr. Beneš, Monsieur Jevtić (the Yugoslav Foreign Minister) and the Rumanian Under-Secretary for Foreign Affairs between the 8th and the 18th March, 1934. The immediate cause of these declarations was a report that discussions had been going on between Austrian and Hungarian Legitimists. The growing strength of the Monarchist movement in Austria continued to give rise to anxiety in the Little Entente countries throughout 1934. Some concern was shown, for instance, when the Archduke Eugen, the former Grand Master of the Teutonic Order and one of the most distinguished of the older generation of Hapsburgs, was permitted in April to return to Austria and live on his estates. The fear that the Archduke's return was a dangerous portent was confirmed in September, when his acceptance of the freedom of the city of Eisenstadt, in Burgenland, on behalf of Otto, the eldest son of the last Hapsburg Emperor, was made the occasion of a Monarchist demonstration. Otto's own movements were the subject of many rumours during the summer, but the conjecture that he might appear in Austria proved to be without foundation. Reports that he had had an interview with Signor Mussolini and that his marriage with an Italian princess was under consideration were denied, but they served to keep the Little Entente states on the alert. The Monarchist tendencies of the Austrian Government were strengthened after Dr. Dollfuss's death, for the new Chancellor, Dr. Schuschnigg, had the reputation of being an ardent Legitimist, and his Foreign Minister, Herr von Berger-Waldenegg, was believed to share his views.

<sup>2</sup> See the Introduction to this part, p. 329, above.  
<sup>3</sup> See pp. 346-7, 348, 349, above, for anti-revisionist statements by Little Entente representatives and the Hungarian reaction to them.

stress on the point that the agreements were intended to lead on to a wider arrangement in which other states would take part. In a speech before the Foreign Affairs Committee of the Czechoslovak Chamber on the 21st March, Dr. Beneš referred to the Rome protocols in a conciliatory manner, and expressed the opinion that conditions were favourable for a determined attempt to settle the problem of Central Europe. The kernel of the problem, in his view, was the position of Austria, and he ruled out both the *Anschluss* and a Hapsburg restoration as possible solutions. The only practical and durable solution lay in the maintenance of Austria's political and economic independence, and the exclusion of the preponderant influence of any Great Power, in accordance with the terms of the Geneva Protocol of 1922 and the Lausanne Protocol of 1932; and Czechoslovakia was ready to act in this sense. The Czechoslovak Government were prepared to examine the Rome protocols without prejudice, and would welcome plans for the co-operation of France and Germany, as well as Italy, with the Danubian states. Co-operation must, however, be on the basis of existing treaties; and in this connexion Dr. Beneš uttered a warning note on the subject of Signor Mussolini's speech of the 18th March, which would, he thought, if taken literally, greatly reduce the chances of general agreement. A statement on similar lines was made a few days later in the Yugoslav Parliament by Monsieur Jevtić, the Foreign Minister, who declared that Yugoslavia, like her fellow members of the Little Entente, was ready to co-operate in the economic reorganization of the Danubian area, provided that it was undertaken in the interests of peace and consolidation, and that she believed that the reorganization must be carried out on a broad basis, with the collaboration of all interested states. These professions of willingness to co-operate, however, were not translated into any very decisive action. The Permanent Council of the Little Entente met at Bucarest in the third week of June 1934, and the question of economic co-operation with other countries was among the matters discussed. According to the official *communiqué* the Permanent Council decided 'to co-operate in the economic revival of Europe in agreement with the interested countries', but they recorded their 'great regret' that 'certain Hungarian official declarations' gave 'the impression that Hungary' wished 'to abstain from such collaboration'. The Permanent Council also reaffirmed 'the decision to oppose the return of the Hapsburgs, no matter in what form'. Negotiations for a commercial treaty between Austria and Czechoslovakia continued, with interruptions, throughout 1934, but they had not been concluded at the end of the year. Between Czecho-

slovakia and Hungary negotiations were opened, on Czechoslovak initiative, in March 1934, but these also made little progress, and negotiations for a Yugoslav-Hungarian commercial agreement were interrupted in May 1934 by the withdrawal of the Yugoslav delegation from Budapest, in consequence of the action of the Hungarian Government in drawing the attention of the League of Nations Council to the prevalence of incidents on the Yugoslav-Hungarian frontier.<sup>1</sup>

While the Little Entente states were adopting this non-committal attitude to the Italian proposals,<sup>2</sup> the Italo-Austro-Hungarian group was engaged in consolidating its position in the manner contemplated in the Rome protocols. Negotiations for the commercial agreements which were provided for in the second protocol of the 17th March, 1934, began without delay, and on the 14th May (one day before the expiration of the time-limit mentioned in the protocol), bilateral agreements were signed between Italy and Austria, Italy and Hungary, and Austria and Hungary. As a result of this complex of agreements, Austria was assured of a considerable increase in her exports, for Italy granted preferential rates, within fixed limits, on a long list of Austrian industrial products, and Hungary also agreed to facilitate the sale of Austrian goods in her market.<sup>3</sup> Hungary benefited from arrangements which would dispose of about 75 per cent. of her grain exports—both Italy and Austria undertaking to accept substantial quantities, while Italy agreed to see that a further quota, in addition to that which would be unloaded on her own market, was disposed of at remunerative rates. Austria conceded certain tariff reductions to Italy, but in the main the agreements represented a substantial sacrifice on the Italian side for the benefit of Austria and Hungary so far as commercial exchanges were concerned. Italy, however, might hope to derive considerable advantage from the supplementary conventions which she concluded with Austria regarding the development of traffic through Trieste and with Hungary regarding the development of traffic through Fiume. An Austrian delegation visited Trieste in June 1934, when the details of the arrangements were settled. An Austrian customs office was established in the port, and provision was made for the creation of

<sup>1</sup> See pp. 548–50, below.

<sup>2</sup> See pp. 339 *seqq.*, 347–51, above, for the attempt to organize an anti-German front which was made by Monsieur Barthou, the French Foreign Minister, in the course of a round of visits to Poland and the Little Entente countries in the spring and early summer of 1934.

<sup>3</sup> Negotiations for a comprehensive commercial treaty between Austria and Hungary began early in August 1934 and were successfully concluded in the middle of November.

an Austrian merchant fleet with its base at Trieste. The first ship of the fleet was registered in the maritime department at Vienna at the end of August 1934. The agreement regarding Austrian facilities at Trieste came into force in the middle of July 1934, but the development of traffic had begun already, and during the first seven months of 1934 a 40 per cent. increase in Austrian trade through Trieste was reported. An agreement between Hungary and Italy regarding the development of Hungarian traffic through Fiume was initialed in May and signed on the 24th November, 1934. The tripartite arrangement was thus likely to be of benefit to all the parties concerned, and for this reason there was probably a better chance of its survival than would have been the case if Austria and Hungary had been merely the recipients of Italian charity.

On the political plane the agreement for consultation between Italy, Austria and Hungary was fully implemented during the second half of 1934. Dr. Dollfuss was on the point of going to Riccione on a visit to Signor Mussolini when he was assassinated on the 25th July, 1934,<sup>1</sup> and his successor, Dr. Schuschnigg, lost no time in establishing personal contact with the Duce.<sup>2</sup> Dr. Schuschnigg and Signor Mussolini met in Florence on the 20th and 21st August and were reported to have reached complete agreement in regard to the development of Austro-Italian relations in the spirit of the Rome Protocols.<sup>3</sup> The official *communiqué* issued at the close of the conversations declared that

those questions which interest the two countries in the economic and cultural fields were minutely examined, and there was found to exist an effective community of views upon guiding principles and upon the methods to be adopted as regards the independence and integrity of the Austrian state—an independence and integrity to which appertains also complete internal autonomy and which, moreover, represents a concrete European interest and an element favourable to the maintenance of tranquillity in the Danubian sector.

Dr. Schuschnigg had already visited Budapest on the 9th August

<sup>1</sup> See the preceding section, p. 475, above.

<sup>2</sup> The Austrian Vice-Chancellor, Prince Starhemberg, also had a long conversation with Signor Mussolini in Rome on the 12th August, 1934.

<sup>3</sup> There were reports, however, that Dr. Schuschnigg had shown himself rather less ready than Dr. Dollfuss to fall in with Italian ideas. It was said, for instance, that he refused to accept a military agreement which would have given Italy wide powers of intervention in Austria in the event of disturbances of the peace. Dr. Schuschnigg's visit to Florence took place at a time when the ex-Empress Zita was staying in Italy, and her villa at Viareggio was reported to be the centre of much Monarchist activity. A rumour that the Austrian Chancellor had called on the ex-Empress was apparently without foundation, and it was also denied that the Hapsburg Question had been raised in the conversations between Signor Mussolini and Dr. Schuschnigg.

and exchanged views with General Gömbös, with whom also he was officially stated to have established a complete understanding. A further interchange of opinions between the heads of the three Governments took place in November 1934. On the 6th November General Gömbös had an interview with Signor Mussolini in Rome. The two statesmen were reported to have examined problems of general policy and questions relating to economic and cultural co-operation and to have

established the unchanged and perfect community of principles animating the two Governments and their intention to continue and develop their collaboration with Austria.

General Gömbös broke his journey in Vienna on his way to Rome and again on his return to Budapest, and on the 15th November Dr. Schuschnigg and his Foreign Minister, Herr von Berger-Waldenegg, left Vienna in their turn for a four days' visit to Rome. According to the official statement issued on the 19th November,

in these Italo-Austrian conversations, the policy of close understanding between Italy and Austria . . . was reconfirmed, [and] an examination was made of the conditions necessary to enable Austria, consolidated in her political and economic structure and supported by the friendship of Italy and Hungary, to resume in full at the earliest possible date her true historic function as holding the equilibrium between the forces that converge on the basin of the Danube.

As between the heads of the Austrian and Hungarian Governments further opportunities for discussion were found before the end of the year. General Gömbös was one of Dr. Schuschnigg's guests at a hunting party in Styria at the end of November, and Dr. Schuschnigg and Herr von Berger-Waldenegg visited Budapest from the 13th to the 16th December. Once again, full agreement was said to have been reached on the political and economic questions which came under consideration.

The official *communiqués* which were issued at the close of each of these conversations were not informative in regard to any conclusions that were reached on political questions, but the circumstances in which the conversations took place were themselves an indication of political solidarity. A visit which Herr von Papen, who was on the point of taking up his duties as German Minister in Vienna, paid to Hungary at the end of September 1934, had revived suspicions regarding the relations between Germany and Hungary. There was a rumour that General Gömbös was anxious to act as an intermediary between Germany and Italy, and the possibility of finding some solution of the problem of Austro-German relations in the interval before Germany ceased to be preoccupied with the question of the



Saar<sup>1</sup> was said to have formed one of the subjects discussed during the Italo-Hungarian conversations in Rome. It was to be presumed, however, that the main object of General Gömbös's visit to Rome in November 1934 was to discuss questions arising out of the assassination of the King of Yugoslavia, for the international repercussions of that crime were a matter of common interest to Hungary and Italy.<sup>2</sup> As for Austro-Italian relations, the terms of the official statement of the 19th November, 1934, were specially significant in view of the negotiations which had been taking place recently between the Austrian Government and Nazi representatives.<sup>3</sup> Another significant feature of the Rome conversations in November was the reaffirmation in the official *communiqués* of a readiness to extend the provisions of the Rome Protocols to other states. The statement issued on the 7th November after the conversations between Signor Mussolini and General Gömbös declared that 'for the eventual adhesion of other states to the protocol of Rome the determining conditions are those in fact contained in the protocol itself'. The statement of the 19th November confirmed the fact 'that the tripartite accords are not exclusive and are open to expansion to other states which accept the conditions that constitute the fundamental premiss of the accords'. The same point had been made by Signor Mussolini on the 17th November, in a speech at a banquet in honour of the Austrian visitors. The friendship between Austria and Italy, said the Duce, did not mean that there were any obstacles or impediments in the way of the establishment of friendly relations with any other country. The political, economic, and cultural accords between Austria, Hungary and Italy were 'open to all who, by accepting the conditions laid down', pursued 'the same ideals with the same objects'.

This renewal of the invitation to the members of the Little Entente to co-operate with the Italo-Austro-Hungarian group was given at a moment when the prospect for the establishment of a Danubian system on the lines of the Italian memorandum of September 1933 was distinctly unfavourable. In November 1934 the members of the Little Entente were still not of one mind in regard to their attitude towards Italy. The effect of this state of affairs was illustrated at Geneva in September, when the Little Entente states were unable to accept any of the suggestions which were made for their co-operation in guaranteeing the independence of Austria.<sup>4</sup> There were indications that Czechoslovakia would have been prepared, for her part, to

<sup>1</sup> See p. 486, above.

<sup>2</sup> See section D (ii) of this part of the present volume.

<sup>3</sup> See pp. 485-7, above.

<sup>4</sup> See p. 484, above.

adhere to the Italo-Austro-Hungarian group, but the terms of the new statute of the Little Entente<sup>1</sup> precluded her from taking such a step independently, and it was not likely that Yugoslavia would give her consent. The old hostility between Yugoslavia and Italy had flared up again in consequence of the Yugoslav reaction to the movement of Italian troops at the time of the Nazi *Putsch* in Austria,<sup>2</sup> and efforts which French diplomacy had been making to promote an Italo-Yugoslav détente had been temporarily frustrated by the assassination of the King of Yugoslavia and the French Foreign Minister in mid-October.<sup>3</sup> Moreover, that tragic event itself had placed an additional obstacle in the way of the formation of a Danubian system by bringing Hungary under suspicion of complicity in the activity of the terrorists who were responsible for the crime.

Within a month of the Austro-Italian conversations in Rome, however, a solution of the Hungaro-Yugoslav crisis had been found at Geneva,<sup>4</sup> and the general relaxation of tension which followed the settlement of this controversy afforded an opening for the renewal of the efforts to organize a common Danubian front. At the end of the year 1934 the issue was still uncertain, and it was not possible to foresee whether or not the disruptive effect of conflicting local interests would continue to defeat the Franco-Italian attempt to consolidate the Danubian states in order to prevent the establishment of a German hegemony over Central and Eastern Europe.

<sup>1</sup> See the *Survey for 1933*, Part II, section (ii).

<sup>2</sup> See pp. 475-6, above, and p. 556, below.

<sup>3</sup> See section D (ii) of this part of the present volume.

<sup>4</sup> See pp. 566-73, below.

## PART III

### EUROPE

#### D. SOUTH-EASTERN EUROPE

##### (i) The Balkan Pact and the Position of Bulgaria.

THE signature on the 9th February, 1934, of a pact of mutual guarantee between Rumania, Yugoslavia, Greece and Turkey was in line with other contemporary manifestations of a desire for regional consolidation—for example, the new statute of the Little Entente,<sup>1</sup> the Italo-Austro-Hungarian Pact,<sup>2</sup> and the Baltic Pact<sup>3</sup>—in so far as it represented a reaction to the growing pressure for a comprehensive revision of the Peace Settlement of 1919–21: a pressure which had latterly been wrought up to a high pitch by the establishment of a Nazi régime in Germany. The creation of a Balkan Entente, however, was not merely an *ad hoc* measure designed to safeguard the *status quo* against the revisionist tendencies of ‘ex-enemy’ states; it corresponded to a need for co-operation and consolidation in South-Eastern Europe which had been making itself felt for some years and which had given rise to an unofficial movement with the object of promoting the association of all the countries of South-Eastern Europe in a federation that would be able to hold its own among the Great Powers and thereby free its members from interference or patronage. In earlier volumes<sup>4</sup> some account has been given of the origins of this movement for Balkan federation; of the two conferences which were held in 1930 and 1931 between unofficial groups of delegates from Albania, Bulgaria, Greece, Yugoslavia, Rumania and Turkey; of the modest successes which were scored in establishing co-operation on the economic, cultural and technical planes; and of the difficulties which were encountered as soon as political questions were touched upon—in particular, the refusal of the Bulgarian national group to consider proposals for a ‘Balkan Locarno’ until the Bulgarophone population of Greek and Yugoslav Macedonia had been granted minority rights.

During the years 1932 and 1933 the movement for Balkan co-operation continued to make slow but by no means negligible progress in non-political fields. Towards the end of May 1932, for instance,

<sup>1</sup> See the *Survey for 1933*, pp. 203–6.

<sup>2</sup> See Section C (ii) of this part of the present volume.

<sup>3</sup> See Section B (ii) of this part of the present volume.

<sup>4</sup> The *Survey for 1930*, Part II B, section (ii); the *Survey for 1931*, Part III B, section (i).

delegates from Bulgaria, Greece and Turkey met at Constantinople and decided that a permanent office should be established in that city to protect the interests of the three countries in connexion with the production and marketing of tobacco. The Second Balkan Conference, in October 1931, had decided on the foundation of a Balkan Chamber of Commerce, and the necessary formalities were carried out during a 'Balkan Week' at Constantinople in June 1932. The Chamber of Commerce held its first session in December 1932, and the first meeting of a Balkan Maritime Committee took place in the following April. The unification of law was examined during the Balkan Week at Belgrade in June 1932, and a Juridical Commission was set up which held two further sessions before the end of the year. In Athens the Balkan Week in 1932 was devoted especially to the study of health questions; and one concrete result was seen in the foundation at Athens at the end of November 1932 of a free dispensary for the treatment of nationals of any Balkan state who suffered from tuberculosis. In the field of communications a step forward was taken with the coming into force, at the end of 1932, of a postal union between Greece and Turkey, the first two countries to give effect to recommendations for the unification of postal services adopted by the Second Conference in 1931. The Third Conference, which took place at Bucarest from the 23rd to the 26th October, 1932, had under consideration proposals for a convention—providing for close economic co-operation and the protection of the economic interests of the Balkan states in relation to other countries—which would be equivalent to a partial customs union; but a decision on this project was deferred. Questions in connexion with the establishment of a Chamber of Agriculture and collaboration in scientific agricultural research were also postponed for further study, but a number of resolutions were adopted dealing with the development of communications by road and by rail, collaboration in matters relating to public health, intellectual co-operation and the treatment of nationals of one Balkan state resident in another state. These questions were taken up again at the Fourth Conference, which was held at Salonika from the 5th to the 11th November, 1933. The Conference felt that the time was still not ripe for the adoption of a partial customs union, but a resolution was passed in favour of a regional economic understanding as a first step towards a customs union. The Fourth Conference also dealt with proposals for the unification of law which had been drawn up by the Juridical Commission, and it came to the conclusion that certain steps could be taken in this direction without delay.

On the political side the chief stumbling-block continued to be the question of minorities. The Second Conference in October 1931 had considered a draft Balkan Pact of non-aggression and peaceful settlement of disputes, but it had not voted on the draft owing to the attitude of the Bulgarian group. The Conference had recommended that an attempt should be made to dispose of the contentious minorities question by bilateral negotiations between national groups during the interval before the Conference met for its third session. The Bulgarians promptly acted upon this proposal by arranging a meeting with the Albanian national group and coming to an agreement with them for reciprocal recognition of the juridical existence of minorities for whom educational facilities should be provided.<sup>1</sup> Attempts were made to arrange similar meetings between the Bulgarian and the Greek, Yugoslav and Rumanian national groups, but no further bilateral discussions on minorities actually took place between the second and the third sessions of the Conference. In these circumstances the Bulgarian national group announced that they would not send a delegation to the Third Conference at Bucarest in October 1932; and, although this decision was reversed at the last moment, the Bulgarian delegation refused to discuss the draft of a Balkan Pact until the question of minorities had been settled. On the rejection of their proposal that the consideration of the pact should be deferred for another year, the Bulgarian delegates left the Conference. In their absence the delegates of the other five countries approved, with certain reservations,<sup>2</sup> a revised draft of a pact of non-aggression and peaceful settlement, which now included proposals for dealing with the minorities problem. These proposals, which had been introduced by the Greek national group in the hope of meeting the Bulgarian point of view, were to the effect that a permanent Minorities Bureau should be established, and in addition that a Minorities Commission composed of delegates from the six South-East European countries should meet once a year to examine complaints from minorities. Any question on which the members of the Commission might be unable to agree would be referred to the League of Nations.

In view of the refusal of the Bulgarian delegation even to discuss these suggestions, the Third Balkan Conference could not be considered anything but a failure on the political side; and, during the twelve months which elapsed before the fourth session of the Con-

<sup>1</sup> The Greek and Yugoslav Press, in commenting on this arrangement, alleged that neither a Bulgarian minority in Albania nor an Albanian minority in Bulgaria had hitherto been known to exist.

<sup>2</sup> The Yugoslav group, for instance, reserved their attitude in regard to the proposed establishment of a Minorities Commission.

ference in November 1933, the feeling gained ground that the method of discussion in an unofficial conference was not suitable for application to contentious political questions. The tendency to regard such questions as outside the proper scope of the Balkan Conferences was strengthened in proportion as the Governments of the states concerned (with whom, in any case, lay the responsibility for deciding whether action should be taken on any recommendations which the Conferences might make) showed a growing inclination to associate themselves with the point of view of the promoters of the Balkan Conferences and to give the movement for Balkan Union an official stamp. By the time when the Fourth Balkan Conference was held at Salonika in November 1933, the diplomatic negotiations which resulted in the conclusion of the Pact of the 9th February, 1934, were already in full swing, and the Political Commission of the Conference accordingly confined its activities within restricted limits. The Conference merely passed resolutions expressing the hope that the Governments would adopt the draft Balkan Pact which had been approved in principle at the Third Conference, and that they would arrange for annual meetings between the Foreign Ministers of the six South-East European countries as a means of promoting the *rapprochement* between those countries. The discussions which preceded the adoption of these resolutions were notable, however, for the absence of those recriminations between the Bulgarian delegates and the delegates of countries which possessed Bulgarophone minorities which had been a feature of debates in the Political Commission at earlier Conferences.

The remarkable increase in cordiality, especially between Bulgaria and Yugoslavia, which was illustrated by the tone of the political discussions at Salonika, was claimed by certain supporters of the Balkan Conferences as a triumph for the movement; and indeed it was generally agreed that the successive Conferences and the collaboration in various spheres which they had inaugurated had helped to improve the psychological atmosphere in South-Eastern Europe and had thus contributed towards the Bulgarian-Yugoslav *détente*. The members of the Yugoslav national group, however, were among those who felt most strongly that it was a mistake for an unofficial body to attempt to intervene in political controversies and that the Balkan Conferences, if they were to continue, ought to confine themselves to the study of economic, cultural and technical questions. After the signature of the Balkan Pact on the 9th February, 1934, opinion was divided as to the desirability of holding a fifth Conference in the autumn of 1934. The Greek national group, which had initiated

the movement, felt strongly that it would not have fulfilled its purpose until the Four-Power Pact had been enlarged to include Bulgaria and Albania, and the national group in Turkey, where the movement had always received strong support from the Government, was also in favour of the continuance of the Conferences, but the Jugoslavs took the opposite point of view. They attached great importance to the *rapprochement* between Bulgaria and Jugoslavia, and they feared that the good understanding which was being established through the medium of bilateral negotiations might be imperilled if further sessions of the Balkan Conference were to expose Bulgaria to the temptation of ventilating her grievances in public. The Fourth Conference at Salonika in November 1933 chose Belgrade as the site for the next Conference, but the Yugoslav national group refused to act as hosts, and although it was then arranged that the Conference should take place at Constantinople in October 1934, the Yugoslav point of view finally triumphed, and it was announced in September that the Conference stood adjourned *sine die*.

If the Balkan Conferences had served no other purpose, they would have been valuable because of the light which they threw upon the key position occupied by Bulgaria. The resentment with which Bulgarians still regarded the conditions imposed upon them by the Peace Treaty of Neuilly led to the refusal of any proposal, such as that for a Balkan Pact of Non-Aggression, which involved recognition of the *status quo*, but Bulgaria's geographical situation made it impossible for the other states concerned simply to ignore her. A Balkan Federation from which Bulgaria remained aloof would not merely be a contradiction in terms; even if the combination of her neighbours was so strong as to rule out any serious menace from Bulgaria's irredentism, her non-participation in the pact would still constitute a danger in so far as she would continue to offer a foothold for any Great Power which desired to intervene in Balkan affairs. This danger could only be finally eliminated by the conversion of Bulgaria from a dissatisfied into a satisfied state; and, under the pressure of international developments during the years 1933 and 1934, Bulgaria's neighbours showed a growing disposition, if not to meet her full demands, at least to settle the numerous minor differences which helped to keep alive feelings of hostility and discontent. At the same time Italy, the Great Power whose influence over Bulgaria had been a source of anxiety to other countries of South-Eastern Europe since the Peace Settlement, did not relax her efforts to retain Bulgaria's friendship;<sup>1</sup> and signs of an increasingly close association between

<sup>1</sup> See pp. 519-20, 533 n., below.

Germany and Bulgaria also aroused apprehension at a time when the renewed menace of the *Drang nach Osten* was making itself felt as a factor in the European situation.<sup>1</sup>

In this competition for Bulgaria's favours the most striking success was achieved by Yugoslavia, whose relations with her neighbour underwent a remarkable change in the space of a few months. The Serb Nationalists, who had never ceased to dream of the establishment of a South Slav bloc stretching from the Adriatic to the Black Sea, were strongly represented on the Yugoslav delegation which attended the Second Balkan Conference at Constantinople in October 1931, and they were able, with surprising ease, to come to terms with members of the Bulgarian national group.<sup>2</sup> The agreement which they were believed to have reached—on the basis of the simultaneous conclusion of a treaty of friendship and of arrangements regarding minority rights in Yugoslav Macedonia—was of course entirely unofficial, and in the absence of support from the Yugoslav Government the Yugoslav-Bulgarian conversations at Constantinople bore no immediate fruit. The Yugoslav Government were slower to move than the unofficial representatives of Yugoslavia. It is true that they refrained—apparently under pressure from France and Great Britain—from carrying out their announced intention of raising the question of komitaji raids at Geneva in January 1932; but early in the April of that year they found occasion to protest formally against anti-Yugoslav demonstrations in Sofia, and throughout the year the relations between the two countries continued to be troubled by occasional frontier incidents. These assumed serious proportions in the autumn, and in December 1932 the Yugoslav Government suspended the facilities for crossing the frontier which had been granted to owners of 'double properties' (that is, properties which were divided by the frontier), on the ground that the Bulgarian Government were failing to take adequate measures to deal with the Macedonian Revolutionary Organization, whose activities were held to be responsible for the continuance of incidents.

In June 1931 a Government of National Union had been formed in Sofia, and the new Ministers included several members of the most powerful of the Agrarian groups. The entry of the Agrarians into the Cabinet was followed by the declaration of an amnesty which enabled the Agrarian exiles who had made their headquarters at Belgrade to return to Bulgaria. Thereafter an increasingly large share of power was enjoyed by a party which was traditionally on friendly terms with Yugoslavia and which was also closely associated with the

<sup>1</sup> See pp. 337-8, 343-5, above.

<sup>2</sup> See the *Survey for 1931*, p. 338 n.



Protogerovist faction of the Macedonian Revolutionaries and correspondingly hostile to the rival Mihailovist faction. In 1932 there was a recrudescence of the feud between the two factions, which led to frequent scenes of violence in Sofia and other towns as well as in the mountainous districts in the south-west of Bulgaria, where the Revolutionary Organization reigned supreme. These disturbances strengthened the disapproval with which an increasingly large proportion of the population of Bulgaria was coming to regard the proceedings of the Macedonians, and helped to obtain support for the conclusion that the interests of the Bulgarian minority in Yugoslav Macedonia would be better served by an improvement in the relations between Bulgaria and Yugoslavia than by permitting the Macedonian Revolutionary Organization to continue its campaign of terror. Economic considerations also worked in favour of a reconciliation with Yugoslavia, for it was becoming a matter of vital importance for Bulgaria to obtain the removal of the Yugoslav frontier restrictions which hampered the export of her products to Western countries. These factors in Bulgaria's internal situation were reflected during 1932 in articles in the Press in favour of a *rapprochement* with Yugoslavia; and although the Government of Monsieur Mušanov did not feel strong enough in 1932 to come to grips with the Macedonian Revolutionaries, they returned conciliatory answers to the Yugoslav protests and accusations regarding the responsibility for frontier incidents, and endeavoured in other ways to promote a *détente*.<sup>1</sup>

By the spring of 1933 it was evident that the Bulgarian desire for an understanding was reciprocated in influential quarters in Yugoslavia, and that the movement for reconciliation was in accordance with the personal wishes of King Alexander. The Yugoslav Government were still not prepared to recognize the minority rights of Bulgarians in Macedonia, but they made a friendly gesture by re-opening the Bulgarian frontier to the owners of 'double properties' on the 15th June, 1933. A few days later one of the Mixed Yugoslav-Bulgarian Commissions which had met at intervals since February 1930 to deal with frontier questions<sup>2</sup> began to consider methods of improving the situation. The Commission had completed its task by the end of August, when a protocol was signed laying down detailed instructions for the frontier authorities. Meanwhile, the Bulgarian Government had given an earnest of goodwill by taking measures

<sup>1</sup> At the end of July 1932 Monsieur Mušanov stopped in Belgrade on his way back from the Lausanne Conference and made a statement declaring himself in favour of closer relations between Bulgaria and Yugoslavia.

<sup>2</sup> See the *Survey for 1931*, p. 342.

against the Macedonians, whose brawls in the streets of Sofia had become a matter of almost daily occurrence. On the 25th June, 1933, a state of siege was proclaimed in Sofia and all communications with the outer world were cut for twelve hours while a house-to-house search was in progress. Considerable quantities of weapons were seized and about fifty Macedonians and some Communists<sup>1</sup> were arrested and interned, but none of the leaders of the Macedonian Revolutionary Organization were apprehended and no attempt was made to tackle the head-quarters of the organization in their mountain fastnesses of Pirin and Rhodope. The Government's action, therefore, did not put an end to komitaji activities across the Yugoslav frontier, but it did encourage the popular movement for a *rapprochement* between Bulgaria and Yugoslavia. This movement was now gaining ground rapidly—thanks in large part to the personal interest displayed by the rulers of the two countries—and it was being promoted by the interchange of visits from groups representative of various professions and callings. Mgr. Stepan, the Metropolitan of Sofia, and other leaders of the Bulgarian Church were specially active in their efforts to encourage the development of friendly feelings.<sup>2</sup>

The change in the attitude of the two countries towards one another was symbolized in September 1933 by the action of King Boris of Bulgaria, who decided that the time had come for him to establish personal contact with King Alexander. During the first fortnight of September 1933, King Boris and Queen Ioanna visited London, Paris, Rome and Geneva, and on the 18th September, on their way back from this tour of the Western capitals, their train halted for a short time in Belgrade station, where a meeting with the King and Queen of Yugoslavia was arranged. This was the first meeting between King Alexander and King Boris since the War, and the significance of this renewal of personal relations between the Bulgarian and Yugoslav crowned heads after an interval of nineteen years was commented upon by the whole of the European Press and not only by the Press of Bulgaria and Yugoslavia.

<sup>1</sup> There had been a marked revival of Communist activity during recent months, and the spreading of propaganda in the army had caused anxiety to the authorities. In April 1933 the Sobranje had adopted by a large majority the Government's proposal to cancel the mandates of twenty-nine members who were Communists.

<sup>2</sup> Representatives of the Orthodox Church in Yugoslavia visited Sofia in April 1933 and conferred with leaders of the Bulgarian Church. The National Council of the Bulgarian Church arranged to send a deputation of bishops, headed by Mgr. Stepan, to Yugoslavia in the autumn, but the visit was postponed—nominally on account of the illness of the Patriarch Varnavas, the head of the Church in Yugoslavia.

When once this first step had been taken, further developments followed without undue difficulty. On the 3rd October, 1933, a further informal meeting between King Alexander and King Boris took place at Euxinograd, near Varna, when the King and Queen of Yugoslavia were on their way to Turkey,<sup>1</sup> and from the 10th to the 13th December, 1933, King Boris and Queen Ioanna paid an official visit to Belgrade. The enthusiastic welcome which was accorded to the King and Queen of Bulgaria in Belgrade testified to the popular support which the movement for *rapprochement* between Bulgaria and Yugoslavia enjoyed in Yugoslavia. The significance of these interviews was not diminished by the fact that they formed part of a series of meetings between kings and statesmen in South-Eastern Europe which were the outward signs of the intensive diplomatic activity that was going on during the last months of the year 1933.<sup>2</sup>

The signs of growing friendliness between Bulgaria and Yugoslavia had been watched with somewhat mixed feelings by Bulgaria's other neighbours. Greece and Turkey, as the leading advocates of a Balkan Federation, might have been expected to rejoice at the appeasement of a feud which had been one of the principal obstacles in the way of union; but in fact the rapid progress of the Bulgarian-Yugoslav *rapprochement* caused alarm rather than satisfaction at Angora and Athens. The prospect which it appeared to open up of a fulfilment of Serb Nationalist aspirations was regarded with apprehension; for a Greater Yugoslavia which had swallowed up Bulgaria would be in a position to dominate South-Eastern Europe instead of entering into a federation with other states on equal terms. The Græco-Turkish reaction took the form of pressure upon Bulgaria to enter into closer relations with Greece and Turkey. The friendship between those two countries, which had been established in 1930 and confirmed and strengthened in 1931,<sup>3</sup> and had been maintained by means of a frequent interchange of views, was a signal example of the reversal of relations between two former enemies; and Turkey, whose own relations with Bulgaria were normally friendly,<sup>4</sup> had consistently used her influence to promote a *détente* between Bulgaria and Greece.

Apart from the question of a Bulgarian outlet on the Aegean,<sup>5</sup> which had been more or less in abeyance for some years, there were a number of financial differences between Greece and Bulgaria which

<sup>1</sup> See below, pp. 523-4.

<sup>2</sup> *Loc. cit.*

<sup>3</sup> See the *Survey for 1930*, Part II B, section (iii); the *Survey for 1931*, Part III B, section (i).

<sup>4</sup> See the *Survey for 1931*, Part III B, section (ii).

<sup>5</sup> See the *Survey for 1920-3*, pp. 337-40; the *Survey for 1926*, pp. 213-14; the *Survey for 1930*, p. 148.

still remained unsettled in 1932.<sup>1</sup> The discussions regarding the French proposal for a Danubian Economic Federation in the early part of that year<sup>2</sup> gave a certain stimulus to the project for bringing Bulgaria into the Graeco-Turkish *entente*,<sup>3</sup> and in April 1932 the Bulgarian and Greek Governments agreed on a basis for the resumption of financial negotiations. These negotiations, however, produced no settlement, and they were suspended after the Lausanne Conference in July 1932. That Conference resulted in agreement being reached on the question of the payments due from Bulgaria to Greece under the Molov-Kaphandáris agreement,<sup>4</sup> and in April 1933 another dispute was settled in principle when Monsieur Undén gave a decision in favour of Greece on a question, which had been referred to him for arbitration, relating to Greek claims to concessionary or proprietary rights in the Dospad-Dagh forests. Another Greek claim, arising out of damage done during the Bulgarian occupation of Dedeagach, was recognized as valid by a Mixed Arbitral Tribunal in June 1933. There were other questions still awaiting settlement, however, and in the cases which had nominally been disposed of by arbitration there remained the difficulty that Bulgaria, whose financial position was extremely precarious,<sup>5</sup> declared herself unable to transfer to Greece the sums which she owed under the awards.

In March 1933 a Bulgarian delegation attended a meeting of the Council of the Balkan Conference which took place at Bucarest, and on the 21st March the Bulgarian and the Greek delegates signed a protocol by which the respective national groups undertook to promote a *rapprochement* and the settlement of all political, economic and financial differences. The Bulgarian and Turkish delegations also agreed to work for the establishment of closer relations between their

<sup>1</sup> See the *Survey for 1931*, pp. 345-53.      <sup>2</sup> See pp. 420, 487-8, 489, above.

<sup>3</sup> Bulgaria had made inquiries as to the possibility of her admission into the Danubian Federation, but the suggestion was not acceptable to France, who was the principal promoter of the scheme.

<sup>4</sup> See the *Survey for 1927*, p. 216; the *Survey for 1931*, pp. 348 *seqq.*; the *Survey for 1932*, p. 170.

<sup>5</sup> The Bulgarian Government had appealed to the League of Nations for financial assistance in January 1932, but the Financial Committee, which investigated the situation and made suggestions for reforms, found occasion to criticize the Bulgarian Government for their omission to carry out some of their recommendations. In November 1932 an arrangement was reached with the bondholders by which Bulgaria transferred only 40 per cent. of the service of the two international loans which had been floated for her benefit under League auspices (the Refugee Settlement Loan of 1926 and the Stabilization Loan of 1928) and the remaining 60 per cent. was paid into a blocked account in levas. The proportion of her debts which Bulgaria transferred was reduced from time to time by agreement with the creditors, but within these limits the Bulgarian Government carried out their obligations.

countries. The Greek and Turkish Governments were encouraged by these gestures to hope that Bulgaria was now prepared to fall in with their plans for maintaining the balance of power in South-Eastern Europe, and in May 1933 they suggested that the Bulgarian Government should become a party to an agreement guaranteeing the inviolability of their frontiers which the Greek and Turkish Governments intended to conclude between themselves. Bulgaria's desire to establish friendly relations with her neighbours, however, was still less strong than her desire to secure a revision of the terms of the Peace Treaties, and she was not willing to take a step which would be equivalent to signing away her chances of obtaining a modification of the territorial *status quo*. Bulgaria's refusal to adhere to the proposed pact did not cause Greece and Turkey to abandon their project for tightening the bonds between themselves,<sup>1</sup> and for supplementing the negative obligation not to attack one another, into which they had entered in 1930, by a positive undertaking to come to one another's assistance in case of attack by a third Power. In September 1933 a Greek delegation headed by the Prime Minister, Monsieur Tsaldaris, went to Constantinople<sup>2</sup> for the final phase of the negotiations for a bilateral agreement, which was signed on the 14th September.

By this treaty,<sup>3</sup> Greece and Turkey mutually guaranteed 'the inviolability of their common frontiers', and undertook to consult each other on all international questions which were of interest to them 'in order to secure a common line of action in conformity with their policy of friendship, understanding and collaboration and in

<sup>1</sup> In the summer of 1933 the Turkish Government were also actively engaged in the promotion of another project—for a 'Euxine Pact' by which all the riparian states of the Black Sea would give their support to Turkey in her attempt to secure the abolition of the convention demilitarizing the Dardanelles (see the *Survey for 1920-3*, pp. 374-6). In view of the special relations between Turkey and Greece, the Turkish Government suggested that Greece should become a party to this projected pact; but the Greek Government were absolved from the necessity of taking a decision by the failure of the project to assume a definite shape.

<sup>2</sup> The Greek Ministers also took the opportunity afforded by their visit to Constantinople to discuss certain outstanding questions arising out of the exchange of populations between Greece and Turkey. During the autumn negotiations were carried on by the Greek and Turkish representatives on the Mixed Commission for the Exchange of Populations; and on the 9th December, 1933, a convention was signed which provided that the Mixed Commission should be abolished within eight months and which laid down regulations for the settlement of any questions that might arise thereafter. (For the work of the Mixed Commission see the *Survey for 1925*, vol. ii, Part II E, section (i); the *Survey for 1930*, Part II B, section (iii)).

<sup>3</sup> The French text of the treaty is printed in *Documents on International Affairs, 1933*, pp. 407-8.

protection of their respective and common interests'. They also agreed in principle that at international conferences and meetings at which representation was limited the delegate of one of them should be empowered to speak for both, and they undertook to use their combined efforts to obtain such representation (that is, presumably, to ensure that they alternated with one another in membership of the League Council in the same way as the states members of the Little Entente).<sup>1</sup> The pact was to remain in force for ten years and would be renewed automatically unless it had been denounced one year in advance.

The official announcement of the signature of the treaty laid stress on the peaceful motives which had inspired it and expressed the hope that other countries would adhere to it. There appeared to be small prospect that this hope would be fulfilled so far as Bulgaria was concerned, for the conclusion of the Graeco-Turkish pact was the subject of much unfavourable comment in the Bulgarian Press. Bulgaria's resentment was directed mainly against Turkey, whose guarantee of the Greek frontiers placed a fresh obstacle in the way of Bulgaria's territorial ambitions and was therefore held to be tantamount to a desertion of Bulgaria. The feeling that Turkey's friendship could no longer be counted on was strengthened by the fact that the Turkish Government had recently been showing concern over reports of the ill-treatment of members of the Turkish minority in Bulgaria. The change in Bulgarian feelings towards Turkey was illustrated by the absence of any popular manifestations of welcome when the Turkish Prime Minister and Foreign Minister, Ismet Paşa and Tevfik Rüştü Beğ, arrived in Sofia on the 20th September, 1933, with the object of removing Bulgarian apprehensions regarding the implications of the new pact and making a last attempt to persuade the Bulgarian Government to join the Graeco-Turkish Entente.

Bulgarian opinion was alarmed not only on account of the Graeco-Turkish pact but also on account of certain other agreements which had come into force during recent months. The new statute of the Little Entente which was signed on the 16th February, 1933,<sup>2</sup> was of concern to Bulgaria in so far as it represented a consolidation of the forces which were opposed to treaty revision. The Four-Power Pact between France, Great Britain, Italy and Germany which was initialled on the 7th June, 1933,<sup>3</sup> also affected Bulgarian interests because the terms of the pact seemed to prove that Italy had aban-

<sup>1</sup> For the admission of Turkey to membership of the League and her election to a seat on the Council see the present volume, Part II, section (iii).

<sup>2</sup> See the *Survey for 1933*, Part II, section (ii).

<sup>3</sup> *Op. cit.*, *loc. cit.*

doned her championship of the principle of treaty revision, while the *rapprochement* between France and Italy which made the conclusion of the Pact possible appeared likely to alter the whole situation in South-Eastern Europe and remove the motive of Italy's support of Bulgaria.<sup>1</sup> Moreover, the series of pacts of non-aggression which had been concluded, on a Russian initiative,<sup>2</sup> during the summer, and which included Turkey as well as Yugoslavia and Rumania among their signatories,<sup>3</sup> were of direct interest to Bulgaria; for the definition of the aggressor which they contained covered the case of a state that gave support to armed bands which invaded the territory of another state, or which refused the request of the invaded state that it should take all the measures in its power to deprive such armed bands of assistance or protection.<sup>4</sup> The failure of successive Bulgarian Governments to curb the activities of the Macedonian Revolutionary Organization clearly brought Bulgaria within the scope of this definition, and although the *détente* with Yugoslavia afforded some grounds for hope that the Government at Belgrade would not cite Bulgaria as an aggressor on the occasion of the next frontier incident, there was no guarantee that such a step might not be taken at any moment by any one of the three states whose frontiers with Bulgaria were the scene of komitaji raids from time to time.<sup>5</sup>

<sup>1</sup> Italy, however, took pains to convince the Bulgarians that the conclusion of the Four-Power Pact had not in any way modified her friendship for Bulgaria. In September 1933, for instance, Italy indicated that she was ready to enter into closer commercial relations with Bulgaria. The trade between the two countries was regulated by an agreement for reciprocal most-favoured-nation treatment which dated from 1925, and exchanges had recently been falling off to the disadvantage of both countries. Negotiations began in November 1933, and on the 30th July, 1934, a treaty of commerce and navigation was signed, together with a veterinary convention. In these agreements Italy granted a reduction in the duties on Bulgarian livestock and agricultural produce. The twenty-fifth anniversary of Bulgaria's independence, which was celebrated at the beginning of October 1933, was made the occasion for a renewal of the assurance of Italy's friendship for Bulgaria, and after Bulgaria's refusal to adhere to the Balkan Pact of the 9th February, 1934, the Italian press continued to declare that Bulgaria could count on the maintenance of Italy's support. Similar assurances were believed to have been given by Signor Mussolini when the Bulgarian Prime Minister, Monsieur Mušanov, visited Rome towards the end of April 1934.

<sup>2</sup> Bulgaria's relations with the U.S.S.R. were unsatisfactory, and Communist activities were severely repressed in Bulgaria, especially after the bomb outrage at Sofia in April 1925 (see the *Survey for 1925*, vol. ii, p. 253). Diplomatic relations between the two countries were not established until July 1934, when the Government at Sofia followed the example set by the states members of the Little Entente and recognized the Soviet Government (see pp. 391-2, above).

<sup>3</sup> See the *Survey for 1933*, pp. 182-3; *Documents on International Affairs, 1933*, pp. 230-3.

<sup>4</sup> See the *Survey for 1933*, p. 278.

<sup>5</sup> In May 1933 there were reports of raids across the Greek frontier, which had

These considerations no doubt influenced the Bulgarian Government in their policy of courting Yugoslav friendship, but they did not cause them to abandon the standpoint that it was impossible for Bulgaria to put her signature to any agreement which involved a recognition of the territorial *status quo*.<sup>1</sup> The Turkish Ministers who visited Sofia in the third week of September failed to induce the Bulgarian Government to enter into a tripartite agreement, though the Bulgarians consented to the prolongation for five years of the Bulgarian-Turkish treaty of neutrality and conciliation which dated from 1929, and accepted the Turkish assurance that the stipulations of that agreement were in no way affected by the new Graeco-Turkish pact. The Bulgarian Government did not respond, either, to the suggestions which were made to them from several quarters during the next few weeks that they should become a party to a general South-East European treaty of guarantee and non-aggression.

The initiative in this new attempt to organize a 'Balkan Locarno' came from the Foreign Minister of Rumania, Monsieur Titulescu. The reactions of the states members of the Little Entente to the situation which resulted from the establishment of a Nazi régime in Germany have been dealt with elsewhere,<sup>2</sup> and it is only necessary here to recall that the revolution in Germany, in bringing German claims for treaty revision to the forefront, had put a new complexion upon the whole question of treaty revision throughout Europe, and that the attitude adopted by Rumania, towards a question which was now presenting itself more and more insistently, was one of uncompromising opposition to any suggestion that treaty revision should be contemplated. In her concern for the maintenance of the *status quo*, Rumania's first step was to put her relations with the U.S.S.R. on a more satisfactory footing. This was achieved when she became a signatory of the pact of non-aggression of the 3rd July, 1933,<sup>3</sup> and she then turned her attention to the possibility of guaranteeing her southern frontier by the creation of a Balkan Federation.

been free from incidents for a considerable time. These reports from the Greek side were denied in Bulgaria. In October 1933 there were anti-Bulgarian demonstrations in Rumania (in spite of the official *rapprochement* between Bulgaria and Rumania, for which see p. 522, below) on the occasion of the burial of victims of recent komitaji incursions.

<sup>1</sup> It was significant that an occasion should have been found during the autumn of 1933 for the reaffirmation of the friendship between Bulgaria and Hungary, the other 'dissatisfied' state whose views on treaty revision were regarded by neighbouring countries as an obstacle to consolidation. See p. 349, above.

<sup>2</sup> See the *Survey for 1933*, Part II, section (ii), and the present volume, pp. 331-5, 340 *seqq.*, above.

<sup>3</sup> See the *Survey for 1933*, p. 182.



Although Rumania had attended the Balkan Conferences, she had not hitherto done much to promote the project for federation, and the energy with which Monsieur Titulescu took the question up during the second half of the year 1933 bore witness to the Rumanian Government's anxiety in regard to current South-East European developments. Like Greece and Turkey, Rumania had looked on at the Bulgarian-Yugoslav *rapprochement* with a certain apprehension, even though her partnership with Yugoslavia in the Little Entente made the possibility of the absorption of Bulgaria into a Greater Serbia appear less alarming to her than to Bulgaria's southern neighbours. On the other hand, Rumania shared with Yugoslavia a feeling that the Graeco-Turkish alliance and the attempts to persuade Bulgaria to join it constituted a potential threat to the balance of power in South-Eastern Europe. The negotiations which resulted in the signature of the Graeco-Turkish pact of the 14th September, 1933, thus provided an additional incentive for Monsieur Titulescu's efforts to organize all the states concerned into a single system. These efforts were facilitated by the fact that the Rumanian Government, like the Yugoslav Government, had been endeavouring for some time past, with considerable success, to settle their differences with Bulgaria and to create a more friendly feeling between the two countries.

In January 1932 the Rumanian Government agreed to the postponement of the second instalment of payments due from Bulgaria to Rumania under an agreement of the 20th January, 1930.<sup>1</sup> This action made a favourable impression on Bulgaria, and there was a marked improvement in Bulgarian-Rumanian relations during the year 1932. A society was formed in the spring with the object of promoting a *rapprochement*—in the first place by co-operation in the cultural field—and the project for a railway bridge across the Danube, which had been discussed at intervals between 1881 and the outbreak of war in 1914, was taken up again and submitted to serious examination in the autumn. Bulgarian interest in this scheme was greatly stimulated by the report that an alternative project for a Rumanian-Yugoslav bridge had been approved in principle at a meeting between the Kings of Yugoslavia and Rumania at Sinaia in January 1933. The Danube Bridge formed one of the Bulgarian desiderata in negotiations for the settlement of all outstanding questions between Bulgaria and Rumania which were opened in the autumn of 1933.<sup>2</sup>

The third member of the Little Entente, Czechoslovakia, had neither the same reasons for desiring to establish amicable relations with Bulgaria nor the same difficulties to overcome in the process as

<sup>1</sup> See the *Survey for 1931*, p. 341.

<sup>2</sup> See pp. 533–4 below.

the countries which had common frontiers with Bulgaria, but she made her contribution to the general *détente* by granting specially favourable terms to Bulgarian trade. The signature on the 28th August, 1933, of a commercial treaty in which Czechoslovakia granted Bulgaria the same tariff concessions as were enjoyed by Yugoslavia and Rumania gave rise to rumours that the members of the Little Entente contemplated the inclusion of Bulgaria in their alliance;<sup>1</sup> but it soon became clear that what Monsieur Titulescu and his colleagues had in mind was the entry of Bulgaria into a South-East European group which would exist parallel with but independently of the Little Entente. At a meeting of the Permanent Council of the Little Entente which was held on the 24th–27th September, 1933, at Sinaia, the situation in the Balkans was discussed in the light of such developments as the Franco-Italian *détente* and the Graeco-Turkish Pact, and Monsieur Titulescu's plan for extending the system of treaties of guarantee to all the states of South-Eastern Europe was approved by his fellow members of the Permanent Council of the Little Entente.

During the next few weeks the project for a treaty of guarantee and non-aggression formed one of the principal subjects which were examined in a series of meetings between the rulers and Ministers of all the countries of South-Eastern Europe except Albania.<sup>2</sup> During the first week of October 1933 the King and Queen of Yugoslavia, who had been the guests of King Carol of Rumania at Sinaia while the Permanent Council of the Little Entente was in session, had an interview with King Boris of Bulgaria at Euxinograd<sup>3</sup> on their way to visit the President of the Turkish Republic at Constantinople; and

<sup>1</sup> These rumours received some support from the warmth of the welcome which was accorded to a former French Prime Minister, Monsieur Édouard Herriot, and a delegation of French members of Parliament who visited Sofia in the middle of August 1933 for a meeting of the International Congress of Radical Parties. The importance which Bulgarian opinion appeared to attach to this French visit was interpreted in some quarters as proof that Bulgaria, believing that she had nothing more to gain from Italy's patronage, was anxious to obtain the support of France and her allies.

<sup>2</sup> The reason for the omission of Albania from the negotiations was presumably to be found in the special relations between Albania and Italy which had been established by the two treaties of 1926 and 1927 (see the *Survey for 1927*, Part II C, section (ii)). Relations between Albania and Italy had undergone a marked change before the negotiations for the Balkan Pact were set in motion; and the Albanian Nationalists displayed considerable interest in the negotiations—on the calculation that Albania's adherence to the Pact might effectively cut the knot which bound her to Italy. Nevertheless the other states concerned did not extend an invitation to Albania to join in the negotiations, nor did Albania take advantage of the possibility of adhering to the pact which was offered by its terms. For the relations between Albania and Italy at this time see the additional note at the end of this section.

<sup>3</sup> See p. 516, above.

on their way back to Belgrade by another route they stopped for a short time at Corfù, where they were received by the Greek Foreign Minister. No sooner had the King of Yugoslavia returned to his capital than the Foreign Minister of Rumania set out on an even more extensive tour. Between the 8th and the 27th October Monsieur Titulescu visited Vienna, Warsaw, Belgrade, Sofia, Angora, Athens and Belgrade again.<sup>1</sup> On the 30th October, 1933, on a yacht on the Danube, there was a meeting between King Boris of Bulgaria and King Carol of Rumania, who were accompanied by their respective Prime Ministers and Foreign Ministers. The result of these diplomatic explorations was to show that the only serious obstacle to the fulfilment of Monsieur Titulescu's plan was to be found in Bulgaria. During the summer, negotiations had been in train for the conclusion of treaties of friendship, non-aggression and judicial settlement between Rumania and Turkey and Yugoslavia and Turkey, and the Rumanian-Turkish treaty was signed on the 17th October when Monsieur Titulescu was in Angora. A week earlier the text of a similar treaty between Turkey and Yugoslavia had been initialed in Geneva. This Turkish-Yugoslav treaty, which was signed at Belgrade on the 27th November, 1933,<sup>2</sup> completed the chain of bilateral treaties of friendship and non-aggression between Rumania, Yugoslavia, Greece and Turkey (Greece having concluded such treaties with Rumania in 1928 and with Yugoslavia in 1929), and none of these four Powers had any objection to supplementing their undertakings not to attack one another by a pact of guarantee. In Sofia, however, which Monsieur Titulescu visited on the 12th and 13th October, 1933, he met with a check. His conversations with Bulgarian Ministers were conducted in a cordial atmosphere, and were not unfruitful so far as the relations between Bulgaria and Rumania were concerned, but the Bulgarian Government made it clear that they were not prepared to enter any system which stood for the maintenance of the *status quo*. The attitude of the Bulgarian Government, as it was revealed on this occasion and in subsequent discussions, was that they were ready to give proof of their peaceful intentions by signing bilateral agreements of non-aggression with their neighbours, and might even consent to join

<sup>1</sup> See also pp. 346-7, above.

<sup>2</sup> Tefik Rüşti Beğ visited Belgrade for the signature of the treaty. An arrangement settling certain financial questions relating to Turkish property in Yugoslavia was concluded at the same time. Turkey and Yugoslavia had hitherto been in normal but not specially friendly relations, and the only treaty between them was the treaty of peace and friendship of the 28th October, 1925, which liquidated the state of war. Negotiations for a commercial agreement were opened in the spring of 1934 and a treaty was signed on the 3rd July.

in a general pact combining such agreements (on the conditions, apparently, that the definition of the aggressor which formed the basis of the pacts negotiated on Russia's initiative was not included and that certain outstanding difficulties, especially those with Greece, were first cleared out of the way); but that they could not tie their hands by entering into a pact for the guarantee of frontiers which would deprive them of the right to use any opportunity that might occur in future of obtaining a revision of the Treaty of Neuilly by peaceful means.

In these circumstances the Governments of the other four states concerned had to decide whether they would abandon the project for a Balkan Pact of Guarantee or would proceed with the negotiations in the hope that Bulgaria would either change her mind before signature or would be induced to adhere to the pact at a later date. They finally decided on the second course, though not without great reluctance on the part of Yugoslavia, who feared lest the continuance of the negotiations without Bulgaria should be taken amiss by that country, to the detriment of the newly established friendly relations between Belgrade and Sofia. In the end, the Yugoslav Government's hesitation was not proof against the persuasions of Monsieur Titulescu—whose object of guaranteeing Rumania's southern frontier would be almost as well served by the organization of an alliance between all Bulgaria's neighbours as by the organization of a Balkan Federation in which Bulgaria was a member—but Yugoslavia seems to have used her influence throughout the negotiations in order to modify the terms of the pact in a sense which might make it less objectionable to Bulgaria. It was agreed that every effort should be made to persuade Bulgaria to join the pact before it was signed, and that if those efforts failed the signatories should make it clear that the pact was not directed against Bulgaria and that its existence need therefore be no hindrance to the carrying out of the policy of reconciliation which had already been initiated.

Opportunities for bringing friendly pressure to bear upon Bulgaria were afforded by the interviews between kings and statesmen which continued during the winter months. The official visit of King Boris and Queen Ioanna to Belgrade in the middle of December 1933 has already been mentioned.<sup>1</sup> Six weeks later, at the end of January 1934, the King and Queen of Bulgaria paid a similar visit to King Carol of Rumania at Sinaia. The Bulgarian Prime Minister accompanied the King on both occasions and discussed current questions with the Yugoslav and Rumanian Ministers, but Monsieur Mušanov was not

<sup>1</sup> See p. 516, above.

able to announce any alteration in Bulgaria's standpoint in regard to the Balkan Pact. The Governments of Rumania, Jugoslavia, Greece and Turkey then decided—again with a good deal of reluctance on the part of Jugoslavia—that it was useless to postpone the signature of the pact any longer.

At the beginning of January 1934 the Greek Foreign Minister, Monsieur Maximos,<sup>1</sup> had undertaken the task of explaining the project for a Balkan Pact and the situation in regard to Bulgaria's adherence to the Governments of the Great Powers, and he had visited London, Paris and Rome for that purpose. The formal blessing of the British and French Governments was obtained without difficulty, though regret was expressed at the failure to secure Bulgaria's adherence; but in Rome Monsieur Maximos's task was more delicate. The Greek Government were particularly anxious not to place any obstacle in the way of the continuance of good relations between Greece and Italy;<sup>2</sup> but it was certainly open to doubt whether the change in Italy's policy which was a corollary of the Franco-Italian *rapprochement* was sufficiently profound to ensure a welcome for a project which was designed to reduce the opportunities for the exercise of Italian influence in South-East Europe. Monsieur Maximos appears to have obtained an assurance that Italy would not oppose the fulfilment of the plan for a Balkan Pact; but the comments of the Italian Press revealed a decided lack of enthusiasm for the proposal and a feeling that it would have been detrimental to Italian interests but for Bulgaria's persistence in standing aloof—a Bulgarian attitude which, in the Italian view, made the Balkan Pact harmless if superfluous.

After Monsieur Maximos had returned from his tour, negotiations were carried on at Geneva between the representatives of Rumania, Jugoslavia and Greece, and at the beginning of February 1934 the Foreign Ministers of those three countries and of Turkey met at Belgrade to decide on the final text of the Balkan Pact. The text<sup>3</sup> was initialed at Belgrade on the 4th February and the pact was signed on the 9th February at Athens.

In the preamble the four signatories declared that they wished 'to contribute to the consolidation of peace in the Balkans' in the spirit

<sup>1</sup> Monsieur Maximos had visited the Yugoslav Foreign Minister at Zagreb just before Christmas and had discussed the situation with him.

<sup>2</sup> For Graeco-Italian relations see the *Survey for 1920-3*, Part III, section (iii) (11); the *Survey for 1926*, pp. 159-60; the *Survey for 1928*, pp. 158-61; the *Survey for 1933*, pp. 157 and 166.

<sup>3</sup> The French version of the text of the Pact is printed in *Documents on International Affairs, 1933*, pp. 408-9.

of the Briand-Kellogg Pact and were 'firmly resolved to guarantee respect for existing contractual engagements and the maintenance of the established territorial order'. They therefore guaranteed mutually 'the security of all their Balkan frontiers' (Art. 1), and undertook 'to consult with each other on the measures to be taken in the face of eventualities capable of affecting their interests as defined by the present agreement'. They also undertook 'not to embark on any political action' in respect of any other Balkan state which was not a signatory of the agreement 'without previous mutual discussion, nor to assume any political obligation towards any other Balkan state without the consent of the other High Contracting Parties' (Art. 2). The agreement was to come into force on signature. It was open to signature by the other Balkan countries (Bulgaria and Albania), whose adherence would be 'the object of favourable examination by the contracting parties' (Art. 3).

An additional protocol, the terms of which were not made public for some weeks after signature, defined the nature of the engagements into which the four states had entered in more precise terms. By Article 1 of the protocol, the signatories accepted the definition of the aggressor given in the conventions signed in London on the 3rd and 4th July, 1933. The pact was declared not to be directed against any Power. Its object was to guarantee Balkan frontiers against aggression by a Balkan state, and it would come into operation against a Balkan state which joined another Power in committing an act of aggression upon a signatory (Arts. 2 and 3). The signatories agreed to begin negotiations within six months for conventions in conformity with the objects of the pact (Art. 4). They recognized that existing treaties remained binding upon them, and declared that the pact was 'not in contradiction with previous obligations' (Arts. 5 and 6). If any signatory state should commit an act of aggression against any other country, the relations of that state with the other signatories would cease to be governed by the terms of the pact (Art. 7). The maintenance of existing territorial arrangements was declared to be incumbent upon the signatories. The pact could be denounced after two years, and if not so denounced, and in the absence of agreement to the contrary, it would remain in force for another five years. Thereafter, failing denunciation, it would automatically continue in force for seven years more (Art. 8).

While the negotiations which preceded the signature of the pact were still in progress, a question regarding the implications of the agreement had been raised by the Soviet Government with the Turkish Government. The Soviet Ambassador in Angora had drawn

attention to the possibility that in the event of hostilities between the U.S.S.R. and Rumania, Bulgaria might be drawn in on the Russian side, in which case Turkey, by the terms of the pact, would be obliged to support Rumania against Bulgaria and therefore against Russia. Such action on Turkey's part, it was pointed out, would contravene the Turco-Russian treaty of neutrality of 1925. This difficulty was overcome by a written declaration from the Rumanian Government that they would expect no aid from Turkey in the event of a conflict with the U.S.S.R. After the signature of the pact, when its terms were made public, the Greek opposition, led by Monsieur Venizelos, launched an attack on the Government on the ground that they had not taken similar precautions to ensure that Greece would not become involved in war with Italy as a result of the obligations which she had undertaken in regard to the protection of Yugoslavia's frontiers. Under this pressure, the Greek Government asked for and received assurances from the other three Governments that in no circumstances would the application of the pact involve Greece in hostilities with a greater Power.

The Greek opposition campaign against the pact made a bad impression on the other signatories,<sup>1</sup> and it was obvious that the Greek and Turkish reservations, by which the Governments at Athens and Angora had contracted out of the obligation imposed by Article 3 of the protocol to the pact, had considerably diminished the value of the pact as a guarantee of security to Yugoslavia and Rumania. The effect of these reservations was virtually to limit the guarantee to the frontiers between the four signatory states and Bulgaria, and this result was particularly disappointing to Yugoslavia, who had entered into the pact with considerable misgivings and who was deprived, as a result of the Greek attitude, of the hope of support from her fellow signatories if her quarrel with Italy should assume an acute form.

The Yugoslav Government, however, in spite of their lack of enthusiasm for the pact, did not fail to do their part in implementing its provisions in so far as they related to co-operation and consultation. In the middle of April the Yugoslav Foreign Minister, Monsieur Jevtić, visited Angora, and 'a perfect community of views' between the Turkish and Yugoslav Governments was said to have been established. A month later Tevfik Rüştü Beğ returned this visit, having

<sup>1</sup> The pact was ratified by the Greek Senate on the 2nd April, 1934. It had already been ratified by Turkey on the 7th March and the Yugoslav and Rumanian ratifications followed in June. The texts of the pact and the supplementary protocol were communicated to the Great Powers for their information and, on the advice of France and Great Britain, they were registered with the League of Nations in October 1934.

called at Bucarest on the way to consult with Monsieur Titulescu, who then accompanied him to Belgrade. Although Tevfik Rüstü Beğ, in virtue of the pact of the 14th September, 1933, could act to some extent as the spokesman of Greece as well as of Turkey,<sup>1</sup> this meeting at Belgrade could not be regarded as a formal meeting of the Permanent Council of the Balkan Entente; but representatives of all four countries met at Geneva in mid-September to decide on their attitude in regard to questions which would come before the Assembly of the League,<sup>2</sup> and to discuss other matters of common interest. On the 19th October, 1934, the Foreign Ministers of Greece and Turkey attended a meeting of the Foreign Ministers of the Little Entente which had been summoned at Belgrade to discuss the situation arising out of the murder of King Alexander of Yugoslavia. At the close of this joint meeting identic *communiqués* were issued proclaiming the solidarity of the Balkan Entente and the Little Entente in supporting Yugoslavia's efforts to establish responsibility for the crime.<sup>3</sup> At the end of October the Foreign Ministers of Rumania, Yugoslavia and Greece travelled to Angora for a conference which lasted from the 30th October to the 2nd November, at which the machinery of the Balkan Entente was finally put into full operation.

The statutes of the Balkan Entente which were adopted at the Angora Conference were modelled on those of the Little Entente. They provided for regular meetings of the Permanent Council of the Entente, consisting of the Foreign Ministers of the four member states, and for the establishment of an Economic Council which was to examine the possibilities of closer economic collaboration and to report in six months' time. A Commission was also appointed to go into the question of unification of legislation, and the foundation of a Balkan Bank was decided on in principle. It will be seen that the Permanent Council of the Balkan Entente proceeded on very much

<sup>1</sup> Although the Greek and Turkish Governments continued throughout the year 1934 to act in the closest co-operation, a slight strain on their relations was imposed by the passage in May 1934 of Turkish legislation excluding foreigners from the practice of certain minor professions and trades. The foreigners affected were mostly Greeks, and during the summer there was a considerable exodus of Greek nationals whose livelihood had thus been taken from them. The Greek Foreign Minister, Monsieur Maximos, visited Angora for the meeting of the Permanent Council of the Balkan Entente in October and remained in Turkey after his colleagues had left for the discussion of questions affecting Greece and Turkey only. In the middle of December Rüstü Beğ went to Athens, and it was announced that negotiations on questions relating to the rights of minorities would shortly be opened.

<sup>2</sup> They decided, for instance, to support the proposal for the admission of the U.S.S.R. into the League of Nations. (See section B (i) (c) of this part of the present volume.)

<sup>3</sup> See p. 563, below.



the same lines as the unofficial Balkan Conferences which had prepared the ground for it—with the important difference, of course, that the Permanent Council could take decisions where the Balkan Conferences had only been able to make recommendations.

The Foreign Ministers who were assembled at Angora for the first regular meeting of the Permanent Council made a point of declaring that the relations between their respective Governments were in no way affected by the murder of King Alexander and its repercussions, which had merely served to consolidate the Entente. They also noted with satisfaction that good relations existed between Bulgaria and all the states members of the Entente, and that outstanding differences appeared to be on the way to settlement.

The signature of the Balkan Pact had aroused a good deal of resentment in Bulgaria, who found it difficult to believe the assurances that its provisions were in no way directed against her. During the final phase of the negotiations for the pact, Monsieur Jevtić, the Yugoslav Foreign Minister, was reported to have secured important modifications in the text in the hope that Bulgaria might find it possible to adhere to it. This hope was disappointed, for the Bulgarian Government continued to feel that the pact put obstacles in the way of the peaceful revision of treaties and that Bulgaria's adherence to it would be equivalent to the voluntary renunciation of any hope of the application of Article 19 of the League Covenant. This point of view was explained by the Prime Minister, Monsieur Mušanov, in a speech before the Sobranje on the 31st March, 1934. His Government, he declared, were animated by a sincere attachment to peace, and Bulgaria's policy could not be considered a menace to the security of any other state. They considered that the Balkan Pact was superfluous, and that peace could have been guaranteed more simply and in a less invidious way by a system of bilateral non-aggression pacts, into which Bulgaria was still prepared to enter. Bulgaria's dislike of the Balkan Pact was increased in April 1934, when the terms of the supplementary protocol became known; for the protocol incorporated the definition of an aggressor to which Bulgaria took special exception. Moreover, a rumour became current to the effect that the four signatories of the pact had concluded a secret agreement on the 27th March by which they bound themselves to occupy Bulgarian territory unless the Government suppressed the Macedonian Revolutionary Organization.<sup>1</sup> These reports were officially contradicted, but it is

<sup>1</sup> Bulgaria was also alarmed by a report that a Graeco-Turkish military agreement had been signed during a visit which General Kondylis, the chief of the Greek General Staff, paid to Constantinople in May 1934. It was admitted

probable that they helped to influence the new Bulgarian Government which came into office in the following month in deciding that the time had come for the decisive blow against the Macedonian Revolutionaries which previous Governments had lacked the courage to strike.

The Government which was formed by Colonel Kimon Georgiev on the 19th May by a *coup d'état* had the support of the army and of the influential associations of reserve officers and non-commissioned officers,<sup>1</sup> and they ventured to take the step, which had hitherto been considered impracticable owing to the large proportion of Macedonians in the rank and file of the army, of using the regular military forces to suppress the Macedonian Revolutionary Organization. In a manifesto to the nation which was issued on the 20th May, the new Government announced their intention of establishing their authority over the whole of the country, and by the end of May troops were engaged in 'cleaning up' the districts in which the Macedonian Revolutionary Organization had been practically autonomous for many years. The surprising ease with which the operations were carried through bore witness to the heaviness of the burdens which the Revolutionaries had imposed on the peasants under their sway. By the middle of June about a hundred of the leading members of the Macedonian Revolutionary Organization had been arrested and large quantities of arms had been collected, and the search continued during the next two months.<sup>2</sup> Ivan Mihailov, the most notorious of the leaders who had survived the process of mutual extermination which had been carried on by the rival factions, eluded capture, and in the middle of September he escaped across the frontier into Turkey. The Turkish Government refused requests for his extradition which were received from Yugoslavia as well as from Bulgaria, but they

that negotiations for such an agreement had taken place, but the official account was that the signature had been deferred out of consideration for Bulgarian susceptibilities.

<sup>1</sup> It also had the support of the Zveno Club, an organization of intelligentsia drawn from various political parties and professions whose advocacy of reforms had recently brought them into prominence. For some time past there had been increasing discontent with the ineffectiveness of the administration, especially in the financial sphere, and with the abuse of party politics for personal ends. Military circles were also concerned at the growing influence of the Agrarian members of Monsieur Mušanov's Government. Colonel Georgiev and his colleagues introduced a semi-Fascist form of government by decree, and all political parties were dissolved.

<sup>2</sup> There were also many arrests of Communists during the last four months of 1934. The trial of a number of Communists charged with organizing cells in the army began in August and ended at the beginning of October with nine sentences of death.

made it a condition of his being granted asylum that he should refrain from all political activity.

The Georgiev Government had announced their intention of carrying on the foreign policy of their predecessors both in regard to the Balkan Pact and in regard to relations with individual states, and the good impression which was made on neighbouring countries by their vigorous action against the Macedonians helped to promote the reconciliation of differences which had been in progress before the *coup d'état* of the 19th May. This was especially true in the case of the *rapprochement* between Bulgaria and Jugoslavia; and the fact that Jugoslavia's participation in the Balkan Pact did not seriously check the movement testified to the genuine change of feeling between the two countries. During the visit of King Boris and Queen Ioanna to Belgrade in December 1933,<sup>1</sup> conversations had taken place between Monsieur Mušanov and Monsieur Jevtić, and the two statesmen had agreed that negotiations should be opened for a commercial treaty and for the simplification of passport formalities. The commercial negotiations began early in April 1934, and a treaty was signed on the 24th May. Since both countries were mainly agricultural, the trade between them was not capable of great development, and the significance of the treaty lay rather in the fact that it was the first concrete result of the *rapprochement* than in its intrinsic importance. Its significance was increased by the date of signature, which followed closely upon the change of Government in Bulgaria.

Messieurs Mušanov and Jevtić had also agreed in December 1933 that the questions which had prevented a good understanding between their countries could best be solved by the maintenance of the personal contact between the rulers and Ministers which had now been established. In fulfilment of this agreement, King Alexander and King Boris had a short interview at the beginning of March 1934 when the Bulgarian King was on his way back from a visit to France. Five weeks later Monsieur Mušanov halted at Belgrade *en route* for Paris and London (where he was about to engage in negotiations with Bulgaria's creditors for the reduction of payments on the service of foreign debts) and discussed the situation with Monsieur Jevtić. At the end of September King Alexander and Queen Marie returned King Boris's visit of December 1933 and spent two days in Sofia, where they received a welcome which was remarkable for its cordiality—the more remarkable in view of the fact that the Bulgarian public was by no means given to cheering to order. Monsieur Jevtić accompanied King Alexander and conducted negotiations with Colonel

<sup>1</sup> See p. 516, above.

Georgiev and his Foreign Minister, Monsieur Batalov.<sup>1</sup> The policy followed was that of disposing of the least controversial questions first, and the concrete result of these discussions was therefore relatively unimportant. It was agreed that intercourse between the two countries should be facilitated by the opening of three new frontier stations, the development of roads and the simplification of passport regulations, and that the question of improving railway communications should also be examined. The Yugoslav Government gave no indication that they were prepared to meet the full Bulgarian demands in regard to minority rights in Macedonia, but they appeared disposed to continue the practice which they had recently adopted of permitting the interchange of visits between Bulgarians on either side of the frontier, and the prospect of a lightening of the censorship on Bulgarian literature and journals was also said to be favourable. The Bulgarians, on their side, refrained from pressing their visitors on the Macedonian question. Thanks to the timely action which had been taken against the Macedonian Revolutionary Organization, the good relations between Bulgaria and Yugoslavia were not disturbed by the assassination of King Alexander within a fortnight of his visit to Sofia,<sup>2</sup> and the *rapprochement* continued to make steady progress, on the psychological side in particular, during the last three months of the year 1934.

Between Bulgaria and Rumania, the interchange of visits during the autumn of 1933 cleared the way for negotiations on all outstanding questions. After Monsieur Titulescu's discussions with Bulgarian Ministers in Sofia in the middle of October and the interview between King Carol and King Boris at the end of that month,<sup>3</sup> memoranda were drawn up setting out the points which required settlement. The questions put forward by the Bulgarian Government included those of minority schools and churches in the Dobruja, compensation for the sequestration of Bulgarian property, and the Danube Bridge; while the Rumanian requests included the establishment of Rumanian schools in the department of Vidin and at Nicopolis, and facilities for the establishment of an air service between Bucarest and Salonika

<sup>1</sup> Monsieur Batalov had been Bulgarian Minister in Paris for many years and was *persona grata* at the Quai d'Orsay. His appointment was taken as a sign that the new Bulgarian Government intended to look to France for diplomatic and financial support rather than to Italy. (According to some reports, the cessation of subsidies which had been received from Italian sources had had a good deal to do with the overthrow of the Macedonian Revolutionary Organization.)

<sup>2</sup> The Bulgarian Government had taken the precaution of deporting Croatian, Montenegrin and Serbian refugees from Sofia in preparation for the visit.

<sup>3</sup> See p. 524, above.

via Sofia. The desiderata of the two parties were discussed during King Boris's visit to King Carol at the end of January 1934, and negotiations proceeded thereafter through diplomatic channels. It was announced in July 1934 that agreement had been reached on the question of the Bucarest-Salonika air service, and in October an agreement was reported on the question of improving the ferry-boat service between Giurgiu and Rusčuk. (The Rumanian Government were said to have declared that they could not consider the Danube Bridge project unless Bulgaria either adhered to the Balkan Pact or concluded a political agreement with Yugoslavia and Rumania.) Less progress seems to have been made in connexion with the settlement of minority questions,<sup>1</sup> but the conversations were conducted in a friendly atmosphere, and the good relations between the two states were not seriously affected by the minor incidents on the frontier which continued to occur from time to time.

Negotiations between Bulgaria and Greece had also been resumed in the autumn of 1933. At the beginning of October Monsieur Mušanov had had conversations with the Greek Prime Minister, Monsieur Tsaldaris, at Geneva, and the two statesmen had agreed that a fresh attempt should be made to settle the outstanding financial disputes. A Bulgarian delegation went to Athens in the middle of November 1933, and a month later it was reported that agreement had been reached in principle but that difficulties still remained in connexion with such matters as the estimation of private claims. The negotiations were therefore suspended to allow of further detailed study by both sides, and they had not been reopened when a fresh difficulty arose owing to Bulgaria's failure to carry out the arbitral award which had been given in April 1933 on the Dospad-Dagh forest dispute.<sup>2</sup> This question was brought by Greece before the League Council in September 1933, when the Bulgarian representative announced that his Government, though they were unable to transfer the sums due to Greece in currency, were willing to make payment in kind. The Greek Government agreed to negotiate on this basis; during conversations which took place in Athens at the end of October a decision was reached as to the method of payment; and an agreement was signed in December between the National Banks of Bulgaria and Greece. With this difficulty removed, it was hoped that negotiations regarding other questions might be reopened with a better prospect of success.

<sup>1</sup> There was a complaint on the Bulgarian side that oppressive measures against the Bulgarians in South Dobruja had been continuing unabated in spite of the official *rapprochement*.

<sup>2</sup> See p. 517, above.

Although Bulgaria and Turkey had been on friendly terms at a time when there appeared to be small prospect of reconciliation between Bulgaria and her other neighbours, their relations suffered a set-back after Bulgaria's refusal to join the Graeco-Turkish alliance in 1933,<sup>1</sup> and during 1934 there were distinct signs of friction. Either country levelled accusations against the other of ill-treatment of minorities, and in August 1934 a war of words was being waged over this question between the Press of the two countries. The tension was not sufficiently acute, however, to prevent the Turkish Government from adhering to the statement issued at the end of October by the Permanent Council of the Balkan Entente<sup>2</sup> after its meeting at Angora, in which the good relations that existed between all the members of the Balkan Entente and Bulgaria were noted as a matter for congratulation. Although the year 1934 closed without Bulgaria having shown any inclination to join the Entente—a step which would have been difficult for her owing to considerations of prestige, even if her fundamental objections had been removed—the conciliatory attitude which she was adopting in her negotiations with neighbouring states and the restraint which she was showing in not raising the question of territorial revision or pressing her demands for minority rights appeared to justify her claim that her absence from the Balkan Entente did not constitute a menace to the peace and security of South-Eastern Europe.

*Note on the Relations between Albania and Italy (1931–34)*

By the year 1931 there were signs of increasing discontent in Albania with the domination which Italy had exercised since the conclusion of the two Italo-Albanian treaties of 1926 and 1927 (see the *Survey for 1927*, Part II C, section (ii)). The period of validity of the 1926 treaty (by which Albania had undertaken not to enter into political engagements with other countries which might be prejudicial to Italian interests) expired in 1931, and the Albanian Government refused to renew the treaty, in spite of a good deal of pressure from Italy. In this refusal they had the support of public opinion, but in the summer of the following year the prevalent discontent found vent in a plot for the overthrow of King Zog. The plot was discovered, and a number of leading patriots (many of whom had taken part in the anti-Italian revolution in 1920) were sentenced to death; but the revelation of the strength of the feeling against Italy was not without influence on the policy of the Albanian Government, which took a stronger line thereafter in refusing Italian demands for further concessions.

The Albanian Government had fallen into arrears in their payments on Italian loans, and when negotiations on financial questions took place

<sup>1</sup> See pp. 518, 519–21, above.

<sup>2</sup> See p. 529, above.

towards the end of 1932 the Italians were reported (much to the alarm of Yugoslavia) to have included the establishment of a customs union among their conditions for the continuance of financial support. If this demand was actually put forward on the Italian side, it was successfully resisted by the Albanian Government. Italy then suspended payments of the instalments of an interest-free loan which had been arranged in 1931, and Albania retaliated in April 1933 by introducing modifications into the Constitution providing for the suppression of journals edited by foreigners and of private schools. (The schools affected included Greek minority schools as well as Catholic and Italian schools, and a dispute arose in consequence between Albania and Greece. In the autumn of 1934 the Greek minority appealed to the League of Nations against the suspension of Greek teaching, and in January 1935 the dispute was referred to the Permanent Court of International Justice for an advisory opinion.) The Albanian Government maintained their attitude of refusing to grant further concessions to Italians during the next twelve months, and in the spring of 1934 they dismissed the majority of the Italian instructors who had been training the Albanian army. The estrangement between Albania and Italy was accompanied by a *rapprochement* between Albania and Yugoslavia; an Albanian-Yugoslav commercial treaty was signed on the 20th December, 1933, and arrangements were made for the opening of a Yugoslav bank in Tirana.

In June 1934 Italy decided that the time had come to impress her recalcitrant protégée by a demonstration of force. On the 23rd June, 1934, an Italian naval squadron put into the port of Durazzo without previous notice and without giving the customary salute. In reply to British and French requests for an explanation of this action, the excuse was made that a telegram giving notice of the impending visit had gone astray. There was a report that the Italian Government had presented the Albanian Government with an ultimatum demanding, under threat of a seizure of the customs, the immediate payment of arrears of interest on loans, the restoration of Italian teachers and military instructors, and a promise not to adhere to the Balkan Pact. The truth of this report was officially denied, but it seems probable that the Albanian Government refused an Italian proposal to negotiate on these questions until the Italian ships had withdrawn. The Albanians were also said to have made preparations for defence if Italian armed forces were landed. The whole of the Italian squadron had left Durazzo by the 3rd July, but the manoeuvre was not without its effect. In September 1934 it was reported that Albania had at length yielded to Italian pressure and had agreed to the return of the Italian military mission, the reopening of Italian schools, and the settlement in Albania of a considerable number of Italian families. At the beginning of February 1935 it was announced officially that the Italian Government had placed the sum of 3,000,000 gold francs at the disposal of the Albanian Government 'as a token of the sincere friendship existing between the two states'; and in the third week of March a convention was signed by which the Albanian Government conceded to an Italian company the monopoly of all the air services in Albania for ten years. Thus the revolt of Albania against her Italian paymaster appeared to have ended in an ignominious surrender which left Italy in full possession of her base of operations in the Balkan peninsula.

### (ii) Relations between Yugoslavia, Hungary and Italy.

In the introduction to this part some consideration has been given to the facts that, after the accession of Herr Hitler to power in Berlin on the 30th January, 1933, Germany's recovery of strength began to become the dominant factor in the European field of international relations, and that, as time went on, the influence of this German factor came to make itself felt over a wider and wider geographical range, but that nevertheless there were certain corners of Europe—for instance, the Adriatic, the Middle Danube, the Balkan Peninsula, Lithuania and the British Isles—in which the 'post-war' and 'pre-Hitler' attitude of mind in regard to European international politics had not passed away before the close of the year 1934. In the immediately preceding chapter we have not detected many symptoms of a repercussion of contemporary events in Germany upon the *rapprochement* between Yugoslavia and Bulgaria or upon the negotiation of the Balkan Pact; and when we pass from the Lower Danube to the Middle Danube and come to consider the relations between Yugoslavia, Hungary and Italy, the evidence for a corresponding repercussion of the German explosion upon international relations in this neighbouring region is not perceptibly stronger, although the influence of the German factor might have been expected to declare itself more conspicuously in this field—partly because the region of the Middle Danube and the Adriatic was nearer than the region of the Lower Danube to the German centre of European disturbance, and partly because the events to be recorded in this chapter came to their climax towards the end of the year 1934, whereas the Balkan Pact was signed soon after its beginning. Throughout the greater part of the year the relations between Yugoslavia, Italy and Hungary were still running, to all appearance, on just the same lines as those on which they had run since the Armistice of 1918—in sharp contrast to the relations between Austria, Italy and Hungary,<sup>1</sup> which were already being governed almost entirely by the Nazi campaign in Austria. All the same, in the transactions which are the subject of the present chapter, the effects of the German factor did perhaps make themselves felt indirectly at the moment when the climax was reached; for the resurgence of a militant spirit in Germany was undoubtedly the main cause of the *rapprochement* between Italy and France; and this Franco-Italian *rapprochement*, in its turn, was the cause both of King Alexander's fatal visit to France and of the peaceful settlement of the international crisis which followed the King's assassination at Marseilles.

<sup>1</sup> See section C (ii) above.



Since King Alexander's death forestalled the accomplishment of his diplomatic mission, we cannot infer the purpose of this mission from its results, and the King's intentions are not recorded in any published documents. It may be conjectured, however, that he was intending to warn the French Government of the probable repercussions of the new Franco-Italian *rapprochement* upon the older Franco-Yugoslav alliance, and to make it clear that France could not hope to win Italy's friendship and at the same time retain Yugoslavia's unless she could induce Italy to agree that, in any international arrangement for preserving the political independence of Austria, Yugoslavia should be placed upon a footing of complete equality with Italy herself.

If this conjecture hits the mark, the Franco-Italian *rapprochement* resulting from the resurgence of Germany was the principal consideration in King Alexander's mind at the moment when he landed in Marseilles; and if we have interpreted the King's policy aright, the change for the better in the relations between France and Italy was threatening to produce a change for the worse in those between France and Yugoslavia. In the crisis that followed the crime at Marseilles, the new relations between France and Italy seem, once again, to have been the governing factor, but this time they worked not as an irritant but as a sedative.

The international situation created by the assassination of King Alexander in 1934 was freely compared, at the time, with the situation that had been created in 1914 by the assassination of the Archduke Franz Ferdinand; and the successful maintenance of peace in the later of the two crises was hailed as a merciful act of God or as a signal achievement of the League of Nations. The difference of outcome can, however, be accounted for more convincingly by the fact that the two situations actually differed from one another profoundly in one vital respect.

In 1914 the respective 'backers' of the two principals in the international quarrel were both prepared to go to war on behalf of their respective protégées: Russia on behalf of Serbia, and Germany on behalf of Austria-Hungary. In 1934 the two principals were once more supported by 'backers' more powerful than themselves—Yugoslavia by France, and Hungary by Italy—but on this occasion the 'backers' were not prepared to go to war, and therefore neither of the principals could venture to precipitate a breach of the peace. It is possible that this had been the situation since the beginning of the 'post-war' period, and that France and Italy would have been as decidedly unwilling to fight in 1924 or 1929 (if the crisis had occurred

in one of those two years) as they manifestly were in 1934. On the other hand, it is also possible that, if the Marseilles crime had been committed at a date anterior to the 30th January, 1933, it might have proved to be beyond the powers of European statesmanship to prevent it from precipitating a war between France and the Little Entente on the one side, and Italy, Hungary and Bulgaria on the other; and, so far as this alternative possibility has to be taken seriously, we are entitled to regard Herr Hitler—strenuously climbing towards a place in the sun—as the undesignedly beneficent magician who exorcised this war-peril in 1934 by casting a long shadow across the European landscape.

The earlier history of Italo-Hungaro-Jugoslav relations has been recorded in some detail in previous volumes of this series,<sup>1</sup> and therefore need not be recapitulated here. In this place it will be sufficient to mention the principal points that were the determinants of this unhappy and uneasy relationship. The first point was the failure of the Italians and the Jugoslavs to arrive at a mutually satisfactory and therefore amicable division of the spoils of the Hapsburg Monarchy in the Adriatic. The second point was the irredentism of the Magyars, who doggedly refused to reconcile themselves to the frontiers within which Hungary had been confined by the Treaty of Trianon (this Magyar irredentism was directed less actively against Jugoslavia than against Rumania and Czechoslovakia, who had acquired larger subject Magyar minorities in the Peace Settlement than Jugoslavia;<sup>2</sup> but Jugoslavia was by no means overlooked by the Magyar irredentists, since the 'Die-Hards' among them were demanding an integral restitution of the pre-war territories of the Crown of St. Stephen). The third point was the 'post-war' association of Jugoslavia—both individually and as a member of the Little Entente—with France, for the purpose of maintaining the whole of the European territorial settlement as embodied in the four European Peace Treaties.<sup>3</sup> This

<sup>1</sup> See *The History of the Peace Conference of Paris* vol. iv, ch. v, Part (i) and vol. v, Appendix III (iii); the *Survey for 1920-3*, Part III, section (iii) (2); the *Survey for 1924*, Part II B, sections (iii) and (vi); the *Survey for 1925*, vol. ii, Part II E, section (v); the *Survey for 1926*, pp. 146, 148, 161-5, 174, 184-5; the *Survey for 1927*, Part I C, sections (i), (ii), (iv); the *Survey for 1928*, Part II, sections (i) (a), (i) (b) and (ii).

<sup>2</sup> The number of Magyars in Jugoslavia was officially estimated at 467,658 in 1921, while estimates for 1930 gave nearly 700,000 as the figure for Czechoslovakia, and something between 1,387,719 (official figure) and 1,900,000 (Magyar figure) for Rumania (see C. A. Macartney, *National States and National Minorities* (London, Oxford University Press, 1934)).

<sup>3</sup> For the network of post-war treaties binding the Little Entente states to France and to one another see the *Survey for 1920-3*, Part III, sections (ii) (3) (f) and (iii) (2) and pp. 503 *seqq.*; the *Survey for 1924*, pp. 440 *seqq.*; the *Survey*

*rapprochement* between Yugoslavia and France was resented by Italy as a hostile encircling movement; and Italy's retort to it, in the shape of her own *rapprochements* with Hungary and Bulgaria—which were hotly resented by Yugoslavia in her turn, as a hostile encircling movement directed against herself—constituted the fourth point in the situation. The fifth and last point was the internal situation in Yugoslavia, where the clash of national traditions and temperaments between the Croats and the Serbs had culminated in the shooting of the Croat leaders by a Serb deputy in the Parliament at Belgrade on the 20th June, 1928,<sup>1</sup> and in the *coup d'état* of the 6th January, 1929,<sup>2</sup> which had turned a parliamentarily governed Triune Kingdom of the Serbs, Croats and Slovenes into a unitary state under a dictator who—by a striking departure from the common form of the 'post-war' European dictatorships—was the reigning legitimate monarch.<sup>3</sup>

There was nothing surprising in the friction between two peoples who—almost entirely on the strength of the philological link of an identical mother-tongue<sup>4</sup>—had abruptly been brought into political partnership upon the dissolution of the Hapsburg Monarchy in 1918, after having lived separate lives since their simultaneous arrival in the Western Illyricum more than thirteen hundred years back. But for 1926, pp. 156-7, 485-7; the *Survey for 1927*, pp. 154-5, 162-3, 539-41; the *Survey for 1933*, pp. 203 *seqq.*

<sup>1</sup> See the *Survey for 1928*, p. 156, with footnote 1. While this was perhaps the most sensational anti-Croat outrage that had been committed by Serb hands since the foundation of Yugoslavia, it was, of course, by no means an isolated or indeed exceptional occurrence—and these private outrages were additional to the severe political repression to which the Croat Nationalists were subjected in Yugoslavia under the outward form of legal process.

<sup>2</sup> See *op. cit.*, p. 156, footnote 2.

<sup>3</sup> See Svetožar Pribičević [Pribitchevitch]: *La dictature du Roi Alexandre: documents inédits et révélations* (Paris, Bossuet, 1933); R. W. Seton-Watson: 'Yugoslavia and Croatia' in *International Affairs*, March 1929, pp. 117-33; 'The Yugoslav Dictatorship', *op. cit.*, January 1932, pp. 22-39; 'King Alexander's Assassination', *op. cit.*, January 1935, pp. 20-47; August Kossutić: 'The Croatian Problem' in *International Affairs*, January 1933, pp. 79-106.

<sup>4</sup> Even this identical mother-tongue was conveyed by the Serbs and the Croats in different alphabets! For the Serbs had been converted by Byzantine missionaries bringing the 'Cyrillic' alphabet and the Croats by Western missionaries bringing the Latin alphabet; and, by A.D. 1918, the two peoples had been living in this cultural isolation from one another for the best part of a thousand years. The beginnings of a feeling, on either side, that a common language was a reason for political solidarity can hardly be traced back further than fifty years before the date of the foundation of the Yugoslav national state. The consciousness of a common Yugoslav nationality was mainly evoked by the chauvinistic Nationalism of the Magyars, which drew Croats and Serbs together by threatening alike the Croats' traditional autonomy and the Serbs' recently won independence. But the Magyars did not begin to acquire the determining voice in the policy of the Hapsburg Monarchy until after the *Ausgleich* of 1867.

the unstatesmanlike contrariness of the Croats, together with the unstatesmanlike high-handedness which was the Serb King Alexander's final retort to it, kept alive, in neighbouring states whose peoples and Governments did not wish Yugoslavia well, a pleasurable expectation that one day this post-war Yugoslavia might break up into its component parts as suddenly as it had come into existence through their coagulation after the Armistice. In this expectation, the wish was perhaps father to the thought; for it was one of those expectations that contain in themselves the germs of their own disappointment. The most potent incentive for the Croats to put up with their uncomfortable partnership with the Serbs was the knowledge that a dissolution of this partnership was being counted upon by the Magyars and Italians for their own ends; for the one alternative to King Alexander's régime of *Gleichschaltung à la Serbe* which almost every Croat would unhesitatingly reject as being an even greater evil was a realization of Magyar and Italian ambitions, since these ambitions—the restitution of the Kingdom of St. Stephen to the Magyars and the annexation of Dalmatia by Italy—would be satisfied principally at the Croats', and not at the Serbs', expense and would indeed leave no vestige of an independent Croatia on the map.

This unlikelihood of the Croat people's ever making common cause with Italy and Hungary for the break-up of Yugoslavia did not, however, prevent the unfortunate internal situation of Yugoslavia from becoming an international danger; for there were irresponsible elements among the Croat revolutionaries, as well as among the Magyar irredentists and the Italian imperialists, who were ready and willing to work together against the unitary Yugoslavia under the dictatorship of King Alexander. In this subversive conspiracy, the Croat participants may not have desired—and the Magyar and Italian participants may not have expected—to do more than overthrow King Alexander's dictatorship and the Serbs' domination in a Yugoslavia which might then still contrive to hold together in the shape of a loose federal union between its divers kindred peoples. Yet, whatever the intention, a conspiracy of this character was a breach of the comity of international relations—and a breach which was as dangerous as it was illegitimate.

In this connexion, it is important to distinguish and define the responsibilities of the different parties. The first makings of the trouble were to be found in the presence—in large and increasing numbers—of Croat political *émigrés* on foreign soil;<sup>1</sup> and the responsi-

<sup>1</sup> This thesis was not denied by the Yugoslav Government; but, at the beginning of the communication supplementing their letter of the 22nd November,

bility for this situation must be assessed upon King Alexander's dictatorial régime, since the residence abroad of large numbers of political refugees was a sure sign of something being seriously wrong with the political life of the refugees' native land. Nor were the Governments of foreign countries acting incorrectly in granting an asylum on their own territories to these refugees from Yugoslavia; for, in the modern Western code of international manners, a clear distinction was drawn between political refugees and fugitives from justice; and while all 'civilized' states were accustomed to co-operate with one another, on the basis of extradition treaties, for the purpose of preventing evil-doers from eluding the law by taking advantage of the plurality of jurisdictions, it was equally the custom to regard the grant of asylum to a foreign political refugee as a gracious prerogative of sovereignty which involved no breach of international obligation or implication of unfriendliness towards the foreign state which, for its own *raison d'état*, had made its territory too hot to hold one of its own nationals. In the twentieth century this prerogative was exercised, without question or cavil, by every sovereign state in the World. In exercising it, however, the Government which was granting the political refugee its hospitality incurred a definite responsibility towards the Government of the country of which the uninvited guest was a national (actual or *ci-devant*). It was bound to make sure that its own territory was not misused by the foreign refugee, whom it was permitting to reside there, as a base of operations for violent action against the Government of the country from which the refugee had fled.<sup>1</sup> If the hospitable Government, through negligence, allowed any such abuse of its hospitality to be made by the recipient of it, it would be giving the foreign Government, against whom the refugee was conducting his unlawful operations, a legitimate ground for complaining and for demanding redress. If the refugee's unlawful activities were being aided and abetted by private citizens of the country in which he was finding asylum, the responsi-

1934, to the Secretary-General of the League of Nations, the Yugoslav Government were at pains to prove that the terrorist activities of the Croat revolutionary *émigrés* on Hungarian territory had been promoted, in the first instance, by Hungarian military officers, 'before the arrival of a sufficient number of *émigrés* and their leaders belonging to the "Ustaša": a terrorist organization'. This passage would appear to tell against the Yugoslav Government's own argument by making the admission that the 'Ustaša' itself was a native growth of the soil of Yugoslavia.

<sup>1</sup> For the British Government's view—which was in fact the general view—of the responsibility attaching to the prerogative of granting asylum, see Mr. Eden's observations at the meeting of the League Council on the 8th December, 1934.

bility of the Government that was his host would become distinctly heavier. If the parties to the unlawful conspiracy included citizens of the country of refuge who were public servants acting behind the Government's back, then the Government's negligence would amount to a criminal ineptitude. Finally, if the *émigré's* unlawful machinations against his own Government were being assisted by public servants of the Government of the country of refuge on that Government's instructions, or even merely with its connivance, then the criminality of the Government of the country of refuge would be positive in character and extreme in degree.

This delicate subject of an ascending scale of responsibility was raised by the tragic sequel to the exodus of Croat revolutionaries from Yugoslavia which became a serious source of European unrest after the establishment of King Alexander's dictatorship at the beginning of the year 1929. It was significant that the Yugoslav Government themselves (apparently without noticing the illuminating coincidence of dates) put a finger on precisely this year as marking the commencement of that series of Croat terrorist outrages on Yugoslav soil which were alleged by the Yugoslav Government to have been engineered from Hungarian bases of operations. 'In order to give a more complete survey of the terrorist acts committed on Yugoslav territory and prepared or instigated in Hungarian territory', it was necessary—so the Yugoslav Government contended—'to enumerate all the outrages and murders perpetrated during the period 1929–1934'.<sup>1</sup>

The enumeration of the crimes which were considered by the Yugoslav Government to come within this definition ran to twenty cases, ranging in date from the 22nd March, 1929, to the 15th March, 1934, with a casualty list of six persons killed and five injured.<sup>2</sup> According to the Yugoslav Government's information,

The first Yugoslav *émigrés* arriving in Hungarian territory had been

<sup>1</sup> 'Communication [dated Geneva, November 1934] from the Yugoslav Government to the Council of the League of Nations with reference to the responsibility incurred by the Hungarian authorities in connexion with terrorist activities directed against Yugoslavia' (printed in *League of Nations Official Journal*, December 1934, pp. 1772–1828). The Hungarian case is stated in a 'memorandum [signed by Monsieur T. de Eckhardt, and dated Geneva, the 8th December, 1934] submitted on behalf of the Royal Hungarian Government in reply to the Yugoslav Government's request to the Council of the League of Nations with regard to the Marseilles outrage' (printed in *op. cit.*, pp. 1829–38).

<sup>2</sup> Of the six persons reported to have met their deaths, one was an editor, one a mayor, one an ex-Minister and Member of Parliament, while three were police officers. The five persons reported to have been wounded were all either police officers or frontier-guards.

housed and fed in Hungarian barracks. . . . This system had many drawbacks, particularly from the point of view of the training of Yugoslav *émigrés* in terrorist methods. Moreover, for the purposes of secret activities, direct contact between the criminals and the Hungarian authorities involved too great a risk of publicity. . . . As terrorist action was to take an ever greater extension, it was felt that it would be better to concentrate all the bandits in a few main centres in order that they might receive systematic instruction and be subject to more rigorous discipline. Thus, Gustav Perčec, one of the terrorist leaders, advised by Hungarian officers, conceived the idea of renting the Janka Puszta farm, in order to establish a terrorist camp there. Assuming the false name of Emil Horvath, he rented this farm at the beginning of the autumn of 1931.

The Yugoslav Government further contended that, in addition to Janka Puszta, there were eight other Croat terrorist camps of the same kind in Hungary; that these alleged criminal activities of Croat revolutionaries and Hungarian officers on Hungarian soil were connived at by the Hungarian Government; and that Janka Puszta was the birth-place of the crowning crime which was committed at Marseilles on the 9th October, 1934.

It was solely on account of [the Hungarian Government's] tolerance and the assistance afforded by certain of its authorities that a band of trained and drilled assassins and terrorists was able to be organized in what was a veritable school for criminals established on its territory. It was to this nursery for terrorists that the organizers of the assassination of His Majesty the King of Yugoslavia came to seek and select the men who were to perpetrate their abominable crime. Moreover, as the terrorists arrested have confessed, this outrage was always represented to them as the supreme aim in view. For this reason they practised shooting at Janka Puszta, with the portrait of His Majesty King Alexander as a target. As long ago as December 1933, a member of the 'Ustaša', Peter Oreb, was sent to kill the King, but failed owing to his detection by the Yugoslav authorities.<sup>1</sup>

In reply to the Yugoslav communication of November 1934, in which these accusations were finally formulated, Monsieur de Eckhardt, the Hungarian representative at the meeting of the Council of the League of Nations in December 1934, summed up the Yugoslav Government's charges under six heads and dealt with these *seriatim* in his memorandum of the 8th of that month.

The catalogue of 'concrete charges' was set out by the Hungarian representative as follows:

- (1) Escort given to Croat refugees by official agents;
- (2) instruction and organization of refugees with a view to the perpetration of acts of terrorism;
- (3) supply of arms and ammunition and explosives to refugees;
- (4) material assistance;
- (5) passports;
- and (6) contact, in the preparation

<sup>1</sup> Yugoslav Communication of November 1934.

and even in the pursuit of the terrorist activities, with the Hungarian civil and military authorities.<sup>1</sup>

The gist of the Hungarian representative's answers to these charges was to the following effect:

1. Every individual apprehended for having illicitly crossed the frontier is brought before the civil and military authorities. All states without exception adopt this essential measure of defence against espionage. The Croat *émigrés* were also subjected to this treatment after their arrival. It may be noted, further, that—the clandestine crossing of the frontiers being of frequent occurrence in Hungary—the police officers posted to guard the frontiers catch about thirty persons a month coming as deserters from the states of the Little Entente.

2. Never has any Hungarian civil or military authority been concerned in the training or organization of Croat refugees living either at Janka Puszta or elsewhere.

3. The Croat refugees have never received any arms or ammunition either at Janka Puszta or elsewhere from the Hungarian civil or military authorities and they have never had the possibility of procuring such arms in Hungary. . . . Again, no Croat *émigré* has ever been able to procure explosives in Hungary by legal means.

4. The Hungarian civil and military authorities have never supplied the Croat *émigrés* with any material resources. . . .

5. There was and could have been no possible way in which the Croat *émigrés* could have obtained Hungarian passports by legal means.

6. I protest in the most formal manner against the Yugoslav Government's allegations that Hungarian officials or officers of the Hungarian army could have acted or even intended to act in any way such as to render them materially or morally responsible either for the preparations for the outrage or for any terrorist action whatever, or for this odious conspiracy, or that might in any way whatever impugn their moral integrity. Similarly I emphatically protest against the Yugoslav Government's affirmation—instinct as it is with evident ill-will—which tries to create the impression that the Hungarian authorities were acquainted with the aims and methods of work of the Yugoslav *émigrés* settled in Hungarian territory. . . .<sup>2</sup>

In the same memorandum the Hungarian representative declared that Janka Puszta 'was never a "camp" but' was 'a small farm which was inhabited by thirty or forty Yugoslav *émigrés*', and he added that 'the lease was . . . a matter of private law and was based on a contract between private individuals'.

Such were the widely discrepant accounts which the Hungarian and Yugoslav Governments respectively gave of the relations between the Hungarian Government and the Croat *émigrés* on Hungarian territory since 1929. For a historian who was neither the archivist nor the confessor of either of the parties to the suit, it would be idle to profess

<sup>1</sup> Hungarian [Eckhardt] Memorandum.

<sup>2</sup> *Ibid.*



to give judgment on a matter in which the only evidence at his disposal was that which was afforded by the public statements of the parties themselves when they were presenting their cases to the League Council. In this difficult task of examining the antecedents of the crime of the 9th October, 1934, the historian finds himself, however, on rather firmer ground when he comes to record, not these alleged criminal activities on Hungarian soil, but the public transactions, relating to them, between the Yugoslav and Hungarian Governments.

In their communication of November 1934 the Yugoslav Government gave chapter and verse for fifteen representations, on the subject of various 'incidents', which they had made to the Hungarian Government within a span of four years immediately antecedent to the crime of the 9th October, 1934.<sup>1</sup> The most important of the representations was the last in the series, which was conveyed in a *note verbale* of the 13th March, 1934,<sup>2</sup> in which the Yugoslav Government's complaints up to date were recapitulated. The conclusion of this document was to the effect that

The facts stated above show that the Yugoslav *émigrés*—in particular Perčec, Dimitrović and others, who have chosen Hungary as their refuge and have been received there with special hospitality and consideration by the Hungarian authorities—are carrying on criminal activities against the Yugoslav state, its security and public order, and the lives and property of its citizens, without the Royal Hungarian authorities having taken steps to stop them—a state of affairs which is quite intolerable and incompatible with neighbourly relations between states or with the international obligations of states. The Royal Yugoslav Legation accordingly, by order of the Yugoslav Government, has the honour to request the Royal Hungarian Ministry for Foreign Affairs to make representations to the competent authorities with a view to the suppression of this terrorist campaign organized on Hungarian territory against Yugoslavia, and the expulsion from Hungary of Yugoslav *émigrés* who have so clearly violated the obligation incumbent on them in virtue of the generous measure of hospitality which they have enjoyed.

In an answering *note verbale* of the 26th April, 1934,<sup>3</sup> the Hungarian Government categorically and indignantly denied the Yugoslav Government's charges against Hungarian public servants:

The most careful examination of the facts adduced by the Royal Yugoslav Legation has not brought anything to light which can serve as justification for such a charge. The Royal Hungarian Ministry does not question that incidents may have occurred from time to time, which were in reality due to the fact that the Hungarian Government agents

<sup>1</sup> See Yugoslav Communication, with the texts of the relevant diplomatic documents, in Appendices 7 to 30 inclusive.

<sup>2</sup> *Op. cit.*, Appendix 28.

<sup>3</sup> *Op. cit.*, Appendix 30.

against whom the conduct referred to is alleged were merely the dupes of the different malefactors in question—which is not surprising, having regard to the well-known nefarious practices of the latter.

In the same note, the Yugoslav Government were informed that, 'some considerable time before the receipt of the *note verbale* from the Legation, the Hungarian Government had taken the necessary steps for the evacuation by the Yugoslav political refugees of Janka Pusztá, a farm leased by them some time ago'. The Hungarian Government further declared their willingness to accede to the request 'that Yugoslav *émigrés* who' had 'failed to comply with the obligations incumbent on them as recipients of hospitality in Hungary should be removed from Hungarian territory'; and they assured the Yugoslav Government that 'the Yugoslav *émigrés* still in Hungary' would 'remain subject to the surveillance of the authorities'. They remarked, however, that this presupposed 'close co-operation with the Hungarian frontier-authorities, and arrangements for special meetings at regular intervals between the frontier-authorities of the two states'; and they suggested that 'it would further facilitate matters if the Royal Yugoslav Government would in future comply with the Hungarian Government's applications for joint investigation of incidents on the Hungarian-Yugoslav frontier'.

In the same note, the Hungarian Government took the opportunity to convey certain representations of their own to the Yugoslav Government with a view to action by the latter to improve the conditions at present prevailing on the frontier between the two countries, and, in particular, to invite the Yugoslav Government to agree:

To enforce again the provisions of Article 5, paragraph (e), of Annex A to the Commercial Treaty between the Kingdom of Yugoslavia and the Kingdom of Hungary, signed at Belgrade on the 24th July, 1926, as a means of remedying the hardships of the position of the persons owning land on both sides of the frontier;

To take steps, with the same object, to do away with the unwarrantable delays and damage caused by the tardiness of the Royal Yugoslav authorities in affixing the visas provided for in the Belgrade Protocol on the frontier permits of the 'dual' owners in question;

To negotiate with the Hungarian Government with a view to an increase in the number of customs routes across the frontier; and finally,

To make the necessary changes in the regulations concerning the use of firearms by the Royal Yugoslav frontier-guards, so as to limit the number of fatal incidents on the frontier.

Undoubtedly the Yugoslav frontier-authorities had latterly been showing an increasing lack of consideration for the convenience, the material interests, and even the lives of Hungarian nationals in the frontier zone. On the 26th February, 1934, for instance, a Hungarian

soldier had been shot dead, and his companion wounded and taken prisoner, by Yugoslav frontier-guards; and this was only one out of 'over thirty serious incidents in which Yugoslav frontier-guards' had 'made use of their arms', and in which 'as many as fifteen Hungarians, all of them innocent', had 'found their death', by the beginning of June 1934, according to the contention of the Hungarian Government.<sup>1</sup> Manifestly, at this time, the Yugoslav guards along the Yugoslav-Hungarian border were on the *qui vive* and in a truculent mood; and their state of mind is perhaps presumptive evidence that they had been experiencing—and were still expecting—unusual trouble; for there appear to have been no contemporary reports of corresponding inhumanity on the part of the Rumanian guards along the Rumanian-Hungarian border or the Czechoslovak guards along the Czechoslovak-Hungarian border. It may perhaps be inferred that, at this time, Croat *émigrés* really were making persistent attempts to cross the Yugoslav-Hungarian frontier, out of Hungary into Yugoslavia, for criminal purposes; yet, assuming that this was the fact, there were two pertinent considerations which cast doubt upon the Yugoslav authorities' moral right to act with ruthless harshness. The first consideration was that, if these Croats had been moved to leave their native country and embark upon criminally subversive activities against the existing régime there, the reason lay in the grievousness of the yoke which the Dictator-King Alexander had deliberately placed upon the necks of his Croat subjects. The second consideration was that, even if it were proven that the Croat *émigrés* were operating from Hungarian bases, it had still to be proved that any Hungarian officers and officials—and, *a fortiori*, the Hungarian Government themselves—were acting as these Croat criminals' accomplices.

In any case, the harshness of the Yugoslav frontier-authorities along the Yugoslav-Hungarian border was as intolerable for Hungary as the passage of terrorist Croat *émigrés* out of Hungary into Yugoslavia was for King Alexander's Government; and on the 12th May, 1934, the Hungarian Government addressed a letter to the Secretary-General of the League of Nations, asking that the Council's attention should be drawn both to the shooting incidents (of which they gave examples in circumstantial detail) and to the vexatious treatment of Hungarian peasants in the frontier-zone by the Yugoslav authorities.

<sup>1</sup> Statement by Monsieur de Eckhardt to the Council of the League of Nations on the 7th December, 1934. The Hungarian Government's charges had been set out in detail in their letter of the 12th May, 1934, to the Secretary-General (see below).

The Hungarian case was duly presented to the Council on the 5th June, 1934, by Monsieur de Eckhardt. He alleged that there had now been thirty-one shooting incidents resulting in fifteen fatal casualties; that 2,690 Hungarian landowners, and more than 26,000 jugars of land, were being affected by vexatious measures on the part of the Yugoslav frontier-authorities in contravention of a protocol to which the Yugoslav Government had put their signature on the 1st October, 1929;<sup>1</sup> that fourteen complaints addressed by the Hungarian Government to the Yugoslav Government had been ignored, and four proposals for the appointment of mixed commissions to deal with frontier questions had been rejected; that the Yugoslav Government had lodged no complaints of any corresponding vexatiousness or barbarity on the part of the Hungarian frontier-authorities; and that there was a noteworthy difference between the standing instructions in regard to the use of weapons which had been issued respectively to the Yugoslav and to the Hungarian frontier-guards. The Hungarian representative went on to make three precise requests:

1. That the Yugoslav authorities [should,] in accordance with the provisions still in force, affix their visa to the special frontier permits issued by the Hungarian authorities before the 15th February or 1st March of each year respectively.

2. That the Belgrade Government [should] renew the arrangement, which expired on the 18th May, 1932, relating to the exportation, free of customs duty and taxes, of agricultural produce of trans-frontier landowners grown on their land situated in Yugoslav territory.

3. Lastly, that a permanent mixed commission, composed of delegates of the two Governments, should be set up with a view to a prompt and equitable liquidation of the frontier incidents not yet settled, as well as of any future differences occurring on the frontier.

At the same time Monsieur de Eckhardt undertook, in the course of the discussion on the 5th June, 1934, on the League Council, that the Hungarian Government would punish any act of terrorism perpetrated in Yugoslavia by persons who had sought asylum in Hungary, whenever such an act was brought to the Hungarian Government's notice; and on the strength of this assurance, together with those previously given in the Hungarian note of the 26th April, the Jugo-

<sup>1</sup> The Protocol of Belgrade of the 1st October, 1929, regulated the application of 'Provisions concerning the Special Privileges granted to Frontier Traffic' which formed Annex A to the Hungarian-Yugoslav commercial treaty of the 24th July, 1926. Under these 'Provisions' trans-frontier landholders had acquired the right to possess special frontier-permits which were issued by the authorities of the state of which they were nationals and which received the visa of the authorities of the other state. The Protocol of Belgrade had stipulated that all the administrative formalities in regard to these frontier-permits should be completed before the 1st March of each year.

slav representative intimated that his Government were now prepared to reopen direct negotiations with the Hungarian Government. On this understanding, the Council decided to adjourn its own consideration of the question;<sup>1</sup> and the Yugoslav-Hungarian negotiations, which were duly opened, bore fruit in the achievement of an agreement on the 21st July, 1934. It was arranged that both Governments should issue fresh frontier-regulations, and it was hoped that this might avail to bring the series of frontier-incidents to an end.<sup>2</sup> It will be seen that there had been a distinct improvement in Yugoslav-Hungarian relations on the eve of the crime that was perpetrated at Marseilles on the 9th October, 1934.

The opportunity for the assassination of King Alexander of Yugoslavia was afforded by the King's visit to France, which was to have been a prelude to a visit by Monsieur Barthou to Italy. The probable purpose of the King's visit (as has been indicated at the beginning of this chapter) was to make clear to the French Government the terms on which Yugoslavia was determined to insist, as indispensable conditions for her concurrence in any Franco-Italian understanding (especially in regard to Austria); and the French Government, for their part, were doubtless anxious both to ascertain, from the most authoritative source, what Yugoslavia's minimum terms were, and to induce King Alexander to refrain from raising his minimum demands higher than Signor Mussolini's maximum concessions, in order to give Monsieur Barthou, when he went to Rome, the means for laying the foundations of an *entente* embracing Yugoslavia as well as Italy and France. The King left Šibenik (Sebenico) by sea on the 6th October; arrived at Marseilles on the 9th October; and was mortally wounded, little more than five minutes after landing, by shots fired by an assassin who sprang out of the crowd as King Alexander was being driven through the inadequately guarded streets. Monsieur Barthou, who had come to Marseilles to meet the King and was sitting by his side in the car, was also hit, and he also died of his wounds. It will be convenient to review the local repercussions of this crime in various countries before recording its international sequel—a sequel which ended in a settlement of the resulting political issue in the forum of the Council of the League of Nations at Geneva,

<sup>1</sup> The Yugoslav Government communicated to the Secretary-General of the League on the 4th June, for circulation to the states members, a memorandum setting out their own views in regard to the frontier incidents.

<sup>2</sup> While the question had been under discussion, first at Geneva and then in the direct negotiations between the two Governments immediately concerned, two more Hungarian subjects had lost their lives at the hands of Yugoslav frontier-guards: one on the 24th May, 1934, and another at the end of June.

instead of ending in a general war such as had followed the assassination of the Archduke Franz Ferdinand at Sarajevo on the 28th June, 1914.

In Jugoslavia, which was the country most intimately affected, the crime produced results which were exactly opposite to those which must have been expected and intended by the assassin and his instigators. Instead of taking the removal of the Dictator-King as a signal for a general revolt, the anti-Serb and anti-centralist and anti-dictatorial elements in the country were moved to feel compunction for their dead opponent and solidarity with their Serbian fellow-Jugoslavs in defence of the unity and independence of their common country. Indeed, it might be said, without either paradox or disrespect, that King Alexander did more to justify his title of 'the Unifier' through his unsought death than through his deliberate policy as the first ruler of the infant Yugoslav state. His enemies as well as his friends in Jugoslavia were ready to regard him, *post mortem*, as a martyr to his political faith; and, in all Yugoslav minds, his disinterested and single-minded devotion to his ideal now overshadowed the element of perversity in the ideal itself and the high-handedness of the methods by which the late King had attempted to realize this ideal dictatorially. Several of the Croat and Slovene political leaders who had suffered for their opposition, including some who were actually still in prison, made haste, on their own initiative, to declare a moral truce;<sup>1</sup> the murdered King's funeral on the 18th October, 1934, gave the occasion for an extraordinary spontaneous demonstration of national unity in a common grief in which the bitter divisions of the past were momentarily transcended; and the softening of heart which had overcome the enemies of King Alexander in his own household owing to the tragic manner of the late King's death seemed likely to be extended to the new King Peter II: a child who was quite innocent of politics. Indeed, if the friends and enemies of Jugoslavia were asking for a sign to show them whether this 'post-war successor-state' were a still birth or the chrysalis of a living nation, it looked as though the sign had now been given them. The reaction to King Alexander's death in Belgrade, Zagreb and Ljubljana testified to the reality of Yugoslav national sentiment.<sup>2</sup>

<sup>1</sup> Mgr. Korošec, leader of the Slovene Clerical Party, made an appeal to this effect on the 16th October, while Dr. Maček, the Croat Peasant leader, sent a message of condolence to the Queen and Prince Paul, in which he described the King's death as a loss to all Jugoslavia.

<sup>2</sup> It may be mentioned here, by anticipation, that the Council of Regency which inherited King Alexander's dictatorial authority threw away their first chance of a reconciliation with the opponents of the late King's policy. The

The promptness with which this testimony was presented brought relief to the fear, which was rife in Europe on the morrow of the crime of the 9th October, 1934, that King Alexander's Serb military *confidants* and collaborators might insist—as the Imperial-Royal General Staff of the Hapsburg Monarchy had insisted in 1914—upon forestalling a threatened internal disruption of their own state by making war upon a foreign country which could be charged with some share in the responsibility for the outrage. There remained the fear that Alexander's *diadochi* might still be tempted into the same warlike courses when they found that, so far from having to create a diversion for the purpose of forestalling disruption, they had behind them a united and deeply moved nation which could perhaps easily be stampeded into seeking in warlike action a relief for its pent-up patriotic feelings. There were, indeed, certain anti-foreign demonstrations in Yugoslavia immediately after the news from Marseilles arrived; and it is significant that the foreign Power against which these were directed was Italy, not Hungary, and that the places where they occurred were Osijek and Zagreb and, above all, Ljubljana, and not Belgrade. At Zagreb there was a recrudescence of these anti-Italian demonstrations on the 6th and the 12th November; but the demonstrations were not serious in themselves, and the Regency which was now ruling in King Alexander's stead was under no suspicion of harbouring any desire to exploit xenophobia for warlike ends.

The three members of the Regency were found to have been designated by the late King Alexander himself in his will, which was opened by the Prime Minister at Belgrade on the evening of the day on which King Alexander had ceased to live. They were Prince Paul, the late King's first cousin; Dr. R. Stanković, a former Senator and ex-Minister of Education; and Dr. I. Perović, the Ban of 'the Banat of the Save'.<sup>1</sup> This Board of Regency was surprisingly liberal in its complexion; and it found itself in a strong position; for its composition aroused hopes among all those elements in Yugoslavia which had suffered under the late régime, while on the other hand the Serb 'Die-Hards' who had sympathized with the late King's repressive policy were inhibited from expressing, and *a fortiori* from acting upon, any generous impulse which led the Croat and Slovene leaders to make their offer of 'moral disarmament' was not reciprocated. The Regency chose—whether on its own initiative or under compulsion from its supporters—to persist in the policy of force; and the lamentable consequences were revealed at the General Election of the 5th May, 1935.

<sup>1</sup> After the establishment of his royal dictatorship, King Alexander had redrawn the internal divisions of Yugoslavia (as Cleisthenes had once re-drawn those of Attica and the authors of the French Revolution those of France) on lines which were deliberately made to cut across the traditional boundaries.

misgivings which they may have felt, since they would be putting themselves in a false position if they either murmured against their own dead leader's nominees or gave the example of recalcitrance towards his successors. The three Regents took the oath on the 11th October, 1934, and proceeded to prove their ability to hold the reins.

The two countries against which the Yugoslav people's wounded feelings were likely to discharge themselves were, of course, Italy and Hungary; but this danger was parried by the behaviour of the Italian and Hungarian Governments, which were both manifestly as much disconcerted by the assassination of King Alexander on the 9th October, 1934, as the German Government had been by the murder of Dr. Dollfuss on the 25th July.<sup>1</sup> Both Governments showed their sense of responsibility—whether for being implicated in the crime or for preserving the peace of Europe—in the extreme discretion and conciliatoriness of the attitude which they immediately adopted and persistently maintained.

The Italian attitude was the more noteworthy inasmuch as the relations between Italy and Yugoslavia (in contrast to those between Hungary and Yugoslavia)<sup>2</sup> had taken a turn for the worse on the eve of the Marseilles crime.

The chequered history of the relations between Italy and Yugoslavia has been carried down in previous volumes of this series<sup>3</sup> to the 27th January, 1929—the date on which the Italo-Yugoslav 'pact of friendship and cordial collaboration' of the 27th January, 1924,<sup>4</sup> finally ceased to be in force. A temporary relaxation of tension at the turn of the years 1928 and 1929 enabled the Governments at Rome and at Belgrade to claim that the lapse of the pact and the failure to replace it by a new treaty of friendship had little significance,<sup>5</sup> but within three months the Press of the two countries was engaged once more in mutual recriminations. Thereafter for some four years relations between Italy and Yugoslavia continued to be governed by suspicions of one another's motives and intentions—suspicions which were stimulated from time to time by 'incidents' or demonstrations of hostility on one side or the other, and which were only too often reflected, in exaggerated and distorted forms, in the columns of the Italian and Yugoslav Press.

<sup>1</sup> See section C (i) of this part of the present volume, pp. 478–80, above.

<sup>2</sup> See pp. 549–50, above.

<sup>3</sup> See the *Survey for 1924*, Part II B, sections (iii) and (vi); the *Survey for 1926*, Part II B, section (i); the *Survey for 1927*, Part II C, sections (i) and (ii); the *Survey for 1928*, Part II, section (i) (b).

<sup>4</sup> For the circumstances in which the pact had been negotiated and signed, see the *Survey for 1924*, pp. 418–19, 440–3. <sup>5</sup> See the *Survey for 1928*, p. 157.



A detailed account of the various manifestations of Italo-Yugoslav hostility during the years 1929 to 1934 would be out of place here, and it must suffice to indicate certain of the more serious of the periodical crises which reminded other European states that the Adriatic problem had not yet found a permanent solution. On the 24th March, 1929, for instance, there was an incident at Pola, on the Istrian coast, when shots were fired at a procession of Fascists on their way to record their votes in the national plebiscite which was held on that day. In the following month the *Giornale d'Italia* published the alleged text of a document relating to the organization of Serbian Komitaji bands which was declared to supply proof of the complicity of the Yugoslav authorities in the activities of such bands. These allegations were indignantly denied in Yugoslavia. In October 1929 great resentment was aroused in Yugoslavia by the sentences which were passed by a special tribunal at Pola on five Slovenes who had been arrested in connexion with the incident of the 24th March and who were said to belong to a Yugoslav irredentist association known as 'Orjuna'. One of the accused men was sentenced to death and the other four to imprisonment for thirty years.

A bomb explosion in February 1930 in the office of a Fascist newspaper at Trieste, which caused one death, was followed by the arrest of a number of Slovenes who were accused of being concerned in this affair and in other recent outrages in the neighbourhood. At the beginning of September 1930 fourteen persons were put on trial on these charges (a number of others who were indicted had escaped to Yugoslavia), and some of them were said to have admitted their membership of secret societies whose object was to throw off the Italian hold over Venezia Giulia. This trial ended in four of the accused being sentenced to death and the rest to varying terms of imprisonment. Demonstrations of protest took place in Zagreb and other towns in Yugoslavia, whereupon the Italian Press retaliated by publishing a further report on certain documents, alleged to incriminate the Yugoslav authorities, which were said to have fallen into Italian hands.

In March 1931 the Italian Government protested against the presence of Yugoslav officials at special services which were held in all Roman Catholic Churches in Yugoslavia on the 19th March on behalf of the Slovenes in Istria, who were said to be the victims of Italian oppression, and at the end of March the Archbishop of Ljubljana, who wished to visit Gorizia, was refused entry into Italian territory. In December 1931 there was yet another trial of some thirty men of Slav origin who were accused of terrorist acts in Venezia Giulia; but

on this occasion there were fourteen acquittals and no death sentences, and the anti-Italian reaction in Yugoslavia was therefore less serious than it had been in the previous year. In the spring of 1932, indeed, there appeared to be a slight *détente*, and advantage was taken of this temporary improvement to negotiate a supplementary commercial agreement, which was signed on the 25th April, 1932.<sup>1</sup>

By the end of the year 1932, however, Italo-Yugoslav relations were once more seriously strained. The incidents which were the immediate cause of the increase in tension occurred this time in Yugoslav territory: at the town of Trau, on the Dalmatian coast, where some of the winged lions of St. Mark—the monuments of Venetian rule—were mutilated during the night of the 2nd–3rd December; and on the island of Veglia, where an Italian boy who had been injured some time earlier in a brawl died on the 5th December (though not, apparently, as a result of his injuries). These incidents would probably not have been taken so seriously by Italian opinion if suspicions of Yugoslavia had not already been revived by a recent meeting at Belgrade of staff officers from Poland and the states members of the Little Entente. At all events, there were anti-Yugoslav demonstrations in many Italian towns, including Rome, where students who had listened to a speech from Signor Mussolini on the subject of the Trau lions were prevented by the police from attacking the Yugoslav Legation. On the 14th December Signor Mussolini, in reply to an interpellation in the Senate, declared that acts of vandalism and terrorism, such as those which had just taken place, were an essential part of Yugoslavia's policy towards Italy. The Yugoslav Foreign Minister, Monsieur Jevtić, returned a conciliatory answer when he was questioned in his turn in the Yugoslav Parliament on the 21st December, but this did not prevent the continuance of attacks on Yugoslavia in the Italian Press.<sup>2</sup> This storm took some time to blow over, but when it finally disappeared it left the sky clearer than it had been for many years.

The improvement in Italo-Yugoslav relations during the year 1933 was the outcome of international developments which have been recorded elsewhere:<sup>3</sup> the initialling of the Four-Power Pact on the 7th June, 1933, and the accompanying Franco-Italian *rapprochement*. A general relaxation of the tension between Italy and Yugoslavia was

<sup>1</sup> See pp. 497–8, above.

<sup>2</sup> The *Giornale d'Italia*, for instance, published a series of articles in January 1933 with the object of proving that Yugoslavia was arming herself for an attack on Italy.

<sup>3</sup> See the *Survey for 1933*, Part II, section (ii). See also the present volume, pp. 328 *seqq.*, above.

one of the few items on the credit side of the European balance in the second half of 1933; and the signature on the 4th January, 1934, of a treaty which placed the commercial relations between the two countries on a more satisfactory basis was hailed in Italy as the beginning of a new era.<sup>1</sup> For some months, outward signs of Italo-Yugoslav hostility were more or less in abeyance; but mutual suspicions of one another's motives were too deeply rooted in both countries to be easily eradicated, and in the summer of 1934 certain Italian actions reawakened Yugoslav mistrust in an acute form.

The unexpected visit of an Italian naval squadron to the Albanian port of Durazzo on the 23rd June, 1934,<sup>2</sup> aroused considerable alarm in Jugoslavia; and, when this was followed on the 25th July by the movement of Italian troops towards the Austrian frontier in consequence of the assassination of Dr. Dollfuss,<sup>3</sup> the Yugoslav Government intimated that an occupation of Austrian territory by the Italian army would be regarded as a *casus belli*. This Yugoslav attitude seriously added to the already formidable difficulty of Italy's self-appointed task of preventing Austria from being swallowed up by Germany, and it was resented by the Italians because they considered that the successful performance of this task was essential for their own country's security. The Durazzo incident had already provided occasion for an exchange of abuse between the Italian and the Yugoslav Press. The campaign took the form of a childish competition in taunting one another with the memories of the less glorious passages in the respective military histories of the two countries. The presence of an Italian squadron in Albanian waters had moved a Yugoslav newspaper published in Split (Spalato) to inform 'the Italian Imperialists' that if they tried their tricks upon 'the descendants of Skanderbeg' they would receive an unpleasant surprise; Italian retorts elicited Yugoslav references to Adowa and Caporetto, and the *Giornale d'Italia* replied by printing three columns of Austrian and German testimonials to Italian valour in the General War of 1914-18. In the middle of September Signor Mussolini forbade the attendance of an Italian delegation at a session in Belgrade of the Inter-Parliamentary Conference; and the Italian Association of Ex-Service-Men declined to attend the Fifteenth International (Allied) Ex-Service-Men's Congress which was to be held in London at the end of September on the ground that the Yugoslav Ex-Service-Men

<sup>1</sup> For the Italian policy of organizing a Danubian system in which the states members of the Little Entente would enter into close economic relations with Austria, Hungary and Italy, see section C (ii) of this part of the present volume.

<sup>2</sup> See section D (i), p. 536, above.

<sup>3</sup> See section C (i), pp. 475-6, above.

had not dissociated themselves from the 'violent and mendacious' campaign in the Yugoslav Press against Italy's military honour. The Italian Government lodged an official protest against the Yugoslav Press-campaign in the third week of September; and on the 6th October, in a speech at Milan, Signor Mussolini explicitly referred to the campaign and called upon the Yugoslavs to desist from it. This controversy was accompanied by other incidents. For example, a visit paid on the 9th September to Split (Spalato), in Yugoslav Dalmatia, by General Balbo evoked friendly demonstrations from local Italian optants and unfriendly counter-demonstrations from Yugoslav students. Then two Italian subjects of Slovene nationality were shot at and wounded by Italian frontier-guards on the night of the 20th September, when they were swimming from Fiume to Šušak, across the Fiumara, from Italian into Yugoslav territory; and on the 22nd September the *Giornale d'Italia* reproduced from the Croat newspaper *Istra* of Zagreb the report of a 'Third Congress of Yugoslav Émigrés from Italy' which was alleged to have been held in Yugoslav territory at Maribor (Marburg) on the 2nd September and to have given voice to aspirations for an extensive territorial enlargement of Yugoslavia at Italy's expense. This recrudescence of the Italo-Yugoslav quarrel was an inauspicious prelude to an incident of the gravity of that of the 9th October, 1934, which was bound to put a heavy additional strain upon the relations between the two countries.

On the other hand the very fact of Germany's recovery of strength—which had introduced a new source of mutual mistrust and hostility into the relations between Italy and Yugoslavia, as far as these relations turned upon the local problem of Austria—had at the same time impressed upon the responsible head of the Italian state, at any rate,<sup>1</sup> a lively sense of the need to take account of the European

<sup>1</sup> To an outside observer, it seemed manifest that Yugoslavia's strategic security and political independence would be as much—or as little—in jeopardy as Italy's in the event of 'the Third Reich' engulfing Austria either by *Anschluss* or by *Gleichschaltung*. Indeed, Yugoslavia's objection to Italian military intervention in Austria was mainly grounded on the thesis that the Yugoslav frontier with Austria was the frontier on which Yugoslavia was most vulnerable; and if the Yugoslavs felt that it would be intolerable to see the Austrian side of this frontier pass under the command of the Italian Army, they might have been expected to be still more sensitive to the greater danger of seeing this same frontier commanded by Germany, who was potentially so very much greater a military power than Italy. This does not, however, appear to have been the way in which Yugoslav minds actually worked. They seem to have been so obsessed by their fear and hatred of Italy that they could not see beyond it; and accordingly the German pressure upon Austria was welcomed by them as an immediate menace to Italy rather than dreaded as an eventual danger to the Yugoslavs themselves. In Yugoslav eyes, 'the Third Reich' was,

situation as a whole, and, with this wider vision, to subordinate the luxury of a feud to the necessity of self-preservation. The demand in Signor Mussolini's speech of the 6th October for a cessation of the Yugoslav Press-campaign had been couched, as has been mentioned already in another connexion,<sup>1</sup> in the form of an appeal to remove an obstacle which stood in the way of an Italian offer of friendship (a gesture of conciliatoriness under difficulties which was strikingly different from the fire and slaughter which Signor Mussolini had been wont to breathe against Jugoslavia, during the spacious 'post-war' years, on much slighter provocation). This remarkable change in Italian policy towards Jugoslavia was recognized, welcomed, and supported by French statesmanship. From the French point of view, the most important purpose of the visit to France on which King Alexander had been starting almost at the moment when Signor Mussolini's speech was being delivered, had been to prepare the way for a Yugoslav-Italian reconciliation through French good offices. These good offices were exerted with redoubled energy when the Marseilles crime precipitated an international crisis; and thus French efforts co-operated with the sober sense—which unobtrusively but genuinely animated both Italian and Yugoslav statesmanship at the time—to avert a European catastrophe.

The immediate effect of the Marseilles crime upon the relations between the Italian and Yugoslav Governments was, indeed, to bring both Governments to their senses by illuminating, in a flash, the common abyss that yawned beneath their feet. Each of the two Governments promptly made an effort to 'put away childish things', and showed that it had turned over a new leaf by actually taking counsel with its neighbour with a view to concerted action for the repression of ill-feeling between the two countries. For example, certain Italian wireless stations which had begun by interpreting the assassination of King Alexander as a preface to the approaching dissolution of Jugoslavia were apparently instructed, by higher authority, to change their tune.<sup>2</sup> Conversely, the Italian Minister at

first and foremost, a delectable thorn in Italy's flesh. On the other hand Signor Mussolini, who had originally welcomed 'the Third Reich' as a thorn in the flesh of France, was quick to perceive the menace, through Austria, to Italy; and he had the courage to reverse his policy accordingly. He promptly set himself to compose his post-war quarrel not merely with France but also with Jugoslavia—though, *vis-à-vis* the latter country, it was not until after the turn of the years 1934 and 1935 that the Duce swallowed his pride to the extent of contemplating any serious practical concessions.

<sup>1</sup> See pp. 329–30, above.

<sup>2</sup> According to *The Manchester Guardian* of the 15th October, 1934, the Yugoslav *chargé d'affaires* in Rome made a verbal protest against these Italian

Belgrade, when he went to see the Acting Minister for Foreign Affairs about the anti-Italian demonstrations at Zagreb and other places,<sup>1</sup> was reported to have refrained from making a formal protest and to have informed the Yugoslav Minister, instead, that the Italian Government were prepared to prevent the Italian Press from making any reference to these demonstrations if the Yugoslav Government would take corresponding action—a bargain which was accepted by the Yugoslav Government and was faithfully carried out on both sides.<sup>2</sup> Moreover, the Italian Government took care to send to Belgrade a prompt and generously-expressed message of condolence with Yugoslavia in her bereavement; to arrange for flags in Italy to be flown at half-mast and for expressions of sympathy to be published in the newspapers; and to provide an escort of Italian warships in Italian waters for the Yugoslav warship which was carrying from Marseilles to Ragusa the dead body of the King whom it had so recently conveyed as a living man from Šibenik to Marseilles.

On the Italian side, this exemplary behaviour may have been prompted in part by an uncomfortably guilty conscience; for the Yugoslav Government were reported to possess evidence of criminal activities having been carried on by Croat *émigrés* from bases of operations in Italy as well as in Hungary; and it was believed—by neutral observers who were convinced that the Yugoslav Government had made out a good case—that this evidence inculpated the Italian Government not less seriously than the Hungarian Government were inculpated by the Yugoslav evidence in regard to Janka Puszta and the other alleged 'murder farms' on Hungarian territory.<sup>3</sup> If the

broadcasts on the 12th October, 1934, and was badly received by the Under-Secretary of State for Foreign Affairs, Signor Suvich—only to be invited, next day, to visit the Ministry of Foreign Affairs again and there to be informed, with great courtesy, that after all the wireless campaign would not be allowed to continue.

<sup>1</sup> See p. 552, above.

<sup>2</sup> *The Manchester Guardian*, loc. cit.

<sup>3</sup> See, for instance, Dr. R. W. Seton-Watson: 'King Alexander's Assassination: its Background and Effects' (Address given at Chatham House on the 30th October, 1934, and published in *International Affairs*, vol. xiv, No. 1, January–February 1935), particularly the following passages:

'The frankly terrorist group [of Croat *émigrés* is] led by Dr. Ante Pavelitch [Pavelić], Gustav Pertchets [Perčec] and a few younger men. . . . In 1929, on the proclamation of the dictatorship, both men [Pavelitch and Pertchets] fled to Bulgaria and allied themselves with the Macedonian Revolutionary Organization. . . . For five years they have lived abroad, mainly in Hungary and Italy. . . . These men have lived between Rome, Padua, Pesaro, Fiume, Vienna, Munich and Berlin. In Ancona, Brescia, Borgotaro (in the Appennines between Spezia and Parma) they have had small training centres for military and terrorist action. How this could have been unknown to the authorities in countries where every political activity is closely

Jugoslav Government's case against Italy—whatever it may have amounted to—had been made public and had been pushed home; Signor Mussolini might have been placed in an awkward position; for, if he had found the charges objectively impossible to rebut, he would also almost certainly have found himself as incapable, subjectively, as the like-minded rulers of Japan had found themselves in the recent past,<sup>1</sup> of facing up to a humiliating situation and crying *peccavi*. It was of the essence of the barbaric doctrine of state sovereignty that the sovereign state must be regarded as being above the law and that it must therefore be beneath the dignity of this august institution to admit to being in the wrong; and although this attitude—which was incompatible with the collective system of international relations, if not with the very concept of such a thing as International Law—had been abandoned to some extent during the 'post-war' years by some of the more progressive among the smaller states of the 'post-war' World, it was dying hard among the Great Powers, and especially among those of a 'totalitarian' complexion. On this showing, the Italian Government, had they been faced with a serious charge of which they could not clear themselves in the eyes of the world and also could not allow themselves to stand convicted, might have been tempted to seek a way out of an untenable position by making Great Power gestures *à la Japonaise* which would have been as perilous for Italy as for her neighbours in the Europe of October 1934.

The Italian Government's desire to avoid this predicament showed itself not only in a laudably 'correct' and conciliatory behaviour towards Jugoslavia but also in a less estimable unwillingness to facilitate the course of justice on a point on which Signor Mussolini presumably felt that he could not afford to let justice take her course. Two persons of Jugoslav origin—Dr. A. Pavelić and Monsieur E. Kvaternik—were arrested on the 18th October, 1934, at Turin by the Italian authorities at the French Government's request because they were suspected by the French police of having been intimately concerned in the crime of the 9th. Thereupon, the French Government asked the Italian Government for permission to have the prisoners interrogated by a French detective—or, alternatively, interrogated in the French detective's presence by the Italian authorities—and

watched and controlled, altogether passes my understanding. In most cases the Croats were instructed by Macedonians and others. . . .

'It appears also to be a fact, according to very sure information, that two out of the four Italian centres were still in existence as late as [the 22nd October, 1934] thirteen days after the murder.'

<sup>1</sup> See the *Survey for 1933*, Part IV, section (iv).

eventually (after this request had been refused) they asked for the extradition of the prisoners from Italy to France. This latter request was transmitted by the Italian Ministry of Foreign Affairs to the Ministry of Justice, and was remitted by the latter Ministry to the Court of Appeal at Turin; and on the 26th November it was officially announced in Rome that the Instructory Section of the Turin Court of Appeal had found that the request for extradition ought to be rejected. At the same time it was intimated that there was little prospect of the two suspects being put on trial in Italy because there was no possibility of a trial in the absence of an indictment and no probability that an indictment would be lodged.

The French Government, for their part, do not appear to have pressed their demand; for while they were anxious to atone in some measure, in Yugoslav eyes, for the inefficiency of the French police at Marseilles by making the utmost show of zeal and energy in their efforts to bring to justice the perpetrators of a crime which had been committed on French soil, they were more deeply concerned to avoid any action which might jeopardize the prospects of that reconciliation between Italy and France and between Italy and Yugoslavia for which Monsieur Barthou had been working. With this in mind, the French Government were so far from being eager to force Italy to yield up witnesses against her own good name that they were actually putting pressure, at this very time, upon the Yugoslav Government to withhold the evidence against the Italian Government which was already in their possession, and were urging Yugoslavia to seek to obtain at the sole expense of Hungary that relief for outraged feelings which the Yugoslavs insisted upon obtaining at the expense of some one or other. From the subsequent course of events in the forum at Geneva a cynical-minded observer might infer the existence of a tacit—or, at any rate, unwritten—understanding between France and Italy to the effect that France, on her side, would guarantee that no formal overt accusations should be made against Italy if Italy, on her side, would undertake to do nothing to shield Hungary from being taken as the exclusive target for Yugoslavia's winged words. France was in a position to fulfil her part in a bargain on these lines, because it was impossible for Yugoslavia to contemplate incurring the risk of falling into a war with Italy in which she would be left to her own resources, without French military support; and unless she were prepared to run this formidable risk, her only safe course was to leave Italy out of her indictment. We may hazard the guess that Italy, on her part, made it clear at Budapest that Hungary could not expect any Italian military support, on her side, if Hungarian intransigence



were to provoke Yugoslav military action on the Hungarian front; and a consciousness, in Hungarian minds, that, in this crisis, Hungary could look to Italy for nothing more substantial than friendly words may have been the decisive factor in bringing Hungary to accept a settlement which was not unacceptable to Yugoslavia. No doubt the Hungarians were able to judge for themselves that—since no French military support would be forthcoming for Yugoslavia—Hungary herself was not in serious danger (so long as she took care to refrain from carrying provocation too far) of becoming a target for any but verbal missiles from the Yugoslav armoury. These considerations may help to explain the surprising readiness of Signor Mussolini to allow Hungary to be exposed to an unpleasant and humiliating experience which he himself was categorically refusing to undergo; and they may likewise account for the no less surprising equanimity with which the Hungarians stood their trial and conducted their own defence before the Council of the League. In fact, before the curtain rose on the tragi-comedy at Geneva, the two actors who had been cast for the invidious rôles could both feel reasonably confident that the play would have a happy ending.

This expectation—reinforced by a shrewd realization of the hard fact that Hungary could not afford to throw away Fascist Italy's patronage unless and until she were assured of enjoying Nazi Germany's patronage instead—may account, in its turn, for the absence of any outward sign of Hungarian disillusionment or bitterness over Signor Mussolini's unheroic policy on this conspicuous occasion. Nevertheless, it must have been painful to the Duce to find himself compelled to purchase Italy's immunity from indictment and exposure at the price of leaving Hungary to 'stand the racket' all by herself—and this at a time when Italian statesmanship was more anxious than ever before to retain Hungary's loyalty and good will, considering that Hungary's defection would be immediately and completely fatal to Italy's cherished scheme of throwing up a Central European dyke to dam back the rising German National Socialist flood.<sup>1</sup> While he had avoided positive humiliation, Signor Mussolini had forfeited the *beau rôle* of the paladin who takes his stand 'in shining armour' by the side of his less powerful ally as soon as this weaker brother is set upon by his hereditary enemies. It was not thus that Signor Mussolini's prototype and Herr Hitler's predecessor the German Kaiser Wilhelm II had behaved towards his Hapsburg ally in 1908, when Austria-Hungary was being threatened by Serbia (with Russia's backing) as Hungary was being threatened in 1934 by Jugo-

<sup>1</sup> See section C (ii) of this part of the present volume.

slavia (with the backing of France). And it seemed unlikely that a *Miles Gloriosus* could thus publicly put off his conventional accoutrements with impunity. In other words, Italy's posture in her South-East European transactions with Hungary and Yugoslavia and France at the close of the year 1934 seemed likely to avenge itself in Italy's Central European relations with Hungary and Austria and Germany in the years to come.

Italy's ill-concealed abandonment of Hungary on this occasion was thrown into relief by the ostentatious loyalty of the support which Yugoslavia received, from beginning to end, from her South-East European confederates—and this from her fellow-members of the Balkan Group as well as from those of the Little Entente. At Belgrade on the 19th October, 1934, which was the day after the late King Alexander's funeral, there was an extraordinary joint meeting of the Councils of the Little Entente and the Balkan Group under Monsieur Titulescu's chairmanship; and the two Councils published an identic *communiqué*<sup>1</sup> in which they ranged themselves solidly behind Yugoslavia—accepting her view of the character and origin of the crime; agreeing with her that the responsibility for this crime must be brought home and its repetition guarded against; and pledging her their own active support for her endeavours to attain these common ends. Thereafter, on the 20th October, the representatives of Rumania, Czechoslovakia, Turkey and Greece on the two Councils, accompanied by Monsieur Jevtić, called upon the Prince-Regent Paul in order to express their sympathy and announce their intention of drawing still closer the bonds that already linked the five countries together.<sup>2</sup>

General Göring, who visited Belgrade for the second time in this year in order to represent 'the Third Reich' at King Alexander's funeral, likewise took the opportunity to suggest the idea of a *rap-prochement* between Yugoslavia and Germany—not at the expense of Hungary, which was another of the South-East European countries that 'the Third Reich' hoped to draw into its own orbit, but at the expense of Italy, to whose 'post-war' position in South-Eastern Europe a resurgent Germany might expect to succeed. General Göring gave Italy a rap over the knuckles in a speech which he made in Belgrade on the 17th October, 1934, to the representatives of the Yugoslav Press, and he found a friendly reception in the streets of the Yugoslav capital; but if there was any substance in the report that he conveyed from Herr Hitler to the Prince-Regent Paul the offer of

<sup>1</sup> Text in *Le Temps*, 21st October, 1934.

<sup>2</sup> Text of Monsieur Maximos's address in *Le Temps*, *loc. cit.*

a political and military alliance, equal credence must be attached to the other half of the story, which narrates that the offer was politely declined.

When Germany was thus setting her cap at Yugoslavia, and the states members of the Little Entente and the Balkan Group were demonstratively rallying to Yugoslavia's side, and France was sedulously supporting Yugoslavia in order to make what amends she could for having failed to prevent the tragedy from occurring on French soil, and when even Italy, who was Hungary's only friend in the world, was prudently lying low, for fear of being indicted on her own account, the situation in which Hungary found herself was uncomfortable and indeed alarming—even if it were a fact<sup>1</sup> that the Hungarians had good reason to believe that the inevitable Yugoslav attack upon their country would not proceed to intolerable lengths, or pass the fateful line between talk and action, so long as Hungary showed reasonable prudence and discretion on her side. In these difficult circumstances, the Hungarian Government and people managed to combine a saving measure of tact and self-restraint with the spiritedness in fighting their own battle which was a well-known characteristic of the Hungarian national *éthos*. It was a fortunate coincidence that, on the very morning of the day on which King Alexander was assassinated by Yugoslav *émigrés* at Marseilles, the Court of Cassation at Budapest had confirmed a sentence of fifteen years' imprisonment which had been passed on the 14th March, 1934, by a local Hungarian Court at Kaposvar, upon a Croat *émigré* named Premec, who had been instrumental in conveying out of Hungarian into Yugoslav territory an infernal machine which had exploded, on the 30th July, 1933, at Koprivnica, where it had killed one Yugoslav police officer and had wounded two others.<sup>2</sup>

The Yugoslav Government's arraignment of the Hungarian Government for their alleged responsibility in regard to the assassination of King Alexander of Yugoslavia at Marseilles on the 9th October, 1934, was bound to suggest, in the minds of all politically cultivated Europeans who were forty years old and upwards at the time, a comparison with the Austro-Hungarian Government's arraignment of the Serbian Government, hardly more than twenty years back, for the Serbian Government's alleged responsibility in regard to the

<sup>1</sup> On this question see pp. 561–2, above.

<sup>2</sup> This was one of the twenty crimes in the Yugoslav Government's catalogue which has been cited on pp. 543–4, above. The Yugoslav communication contains a chapter on 'the Koprivnica outrage and the judgment of the Hungarian tribunal at Kaposvar', in which the virtue displayed by the Hungarian authorities in this case is studiously minimized.

assassination of the Archduke Franz Ferdinand at Sarajevo on the 28th June, 1914. This comparison extends over a number of points. In both cases the victim of the crime was a royal personage in a key-position, whose sudden and violent removal through assassination might be expected to confound the politics of the state of which he was the actual or prospective head. In both cases the state whose well-being and security were thus attacked in the person of an exalted individual was already undermined by secessionist aspirations among its own subjects and by irredentist ambitions on the part of its neighbours. In both cases the authors of the crime were discontented and disloyal subjects—or fellow-subjects—of their royal victim who had fled from his and their country and had found asylum on foreign soil.<sup>1</sup> In both cases the country which had harboured them was one of those countries that were cherishing irredentist ambitions at the expense of their country of origin. And finally, in both cases, the Government of the country which had given the assassins hospitality was accused—by the Government of the country whose sovereign, or prospective sovereign, had been struck down—of being guilty of at any rate culpable negligence, and perhaps of criminal connivance, in its dealings with its murderous foreign guests.

The very closeness of this parallel brings out the completeness with which, in South-Eastern Europe, the pre-war rôles had been reversed in the Peace Settlement of 1919–20. The royal victim now was a Karageorgević King of Yugoslavia instead of being an Heir Apparent to the Crown of the Hapsburg Monarchy; the criminals were Croat subjects of Yugoslavia instead of being Bosniak subjects of Austria-Hungary; and the country whose Government was in the dock was Hungary instead of being Serbia. This was, indeed, a *chef-d'œuvre* of that form of 'poetic justice' which Aristotle has called *περιπέτεια*. In 1934 the Magyars acquired by personal experience some inkling of what it had felt like to be a Serb at the moment when the Imperial-Royal Government delivered their ultimatum to the Serbian Government on the 23rd July, 1914; and conversely the Serbian masters of a ramshackle Yugoslavia now learnt, through the same personal *argumentum ad hominem*, what an ugly countenance the twin monsters of sedition and irredentism must have displayed in the eyes of the Magyar masters of pre-war Hungary when they were waging their

<sup>1</sup> The murderers of the Archduke Franz Ferdinand were Bosniak subjects of the Austro-Hungarian Dual Monarchy; the murderers of King Alexander were Croat subjects of the Crown of Yugoslavia. It will be noticed that while the criminals of 1934 did not owe the same political allegiance as those of 1914, both sets of criminals were of the same nationality, in the sense that both were Yugoslavs.

unending, and ever more desperate, political warfare against Croat autonomists at home,<sup>1</sup> Serb secessionists in Bosnia,<sup>2</sup> and Serb irredentists beyond the frontiers of the Dual Monarchy.

Fortunately, the Recording Angel was able to teach these lessons to two South-East European nations in 1934 without having to plunge Europe and the World into another General War; and this profound and auspicious difference between the respective situations in 1934 and in 1914 can be accounted for by three considerations. In the first place, in 1934 the memory of the last General War was so fresh, and its effects still so gruesomely apparent, that even those countries whose Governments were ostensibly 'martial' and whose philosophies were officially 'heroic' had really no stomach, at the time, for another fight. In the second place, the quarrel between Hungary (with her Italian patroness) on the one side and Yugoslavia (with her South-East European allies and French patroness) on the other side was already 'a back number' since the reappearance of the German cat within pouncing-distance of all these skirmishing mice. With this rejuvenated feline monster just round the corner, the larger mice were determined not to fight each other, and the smaller mice could not dream of fighting all by themselves. In the third place, the sounder sense and better feeling of mice and men had succeeded, during the sixteen years which had elapsed since the Armistice of 1918, in laying the foundations of the League of Nations; and accordingly Yugoslavia's inevitable attack upon Hungary took the pacific form of a constitutional appeal to an international institution which had not yet been conceived at the moment, rather more than twenty years back, when Austria-Hungary had precipitated the General War of 1914-18 by delivering an ultimatum.

Yugoslavia's appeal was conveyed in a letter<sup>3</sup> of the 22nd November, 1934, from the Yugoslav Government to the Secretary-General of the League, in which the plaintiff's accusation and request were presented as follows:

The results of the inquiry undertaken as a result of the assassination of His Majesty King Alexander of Yugoslavia and of the French Foreign

<sup>1</sup> Under the pre-war constitution of Hungary, Croatia-Slavonia already enjoyed a large measure of home rule, with a local parliament of its own at Zagreb; but it was artificially and purposely isolated from the adjoining Yugoslav provinces of Krain, the Küstenland and Dalmatia, which were lands of the Austrian and not of the Hungarian Crown, as well as from Bosnia, which was under an Austro-Hungarian condominium.

<sup>2</sup> Half the burden of repressing the Yugoslav national movement in Bosnia in the pre-war period was borne by the Hungarian Government, since Bosnia was under an Austro-Hungarian condominium.

<sup>3</sup> Text in *League of Nations Official Journal*, December 1934, pp. 1765-6.

Minister, Monsieur Louis Barthou, at Marseilles, have shown that this criminal act was organized and executed with the participation of those terrorist elements which had taken refuge in Hungary and which have continued to enjoy the same connivance in that country as previously, and it was only thanks to this connivance that the odious Marseilles outrage could have been perpetrated. . . .

In view of the gravity of these facts, the Yugoslav Government, being anxious to maintain peace and relying on the authority of the League of Nations, finds itself obliged to bring before the Council, under Article 11, paragraph 2, of the Covenant, this situation, which seriously compromises relations between Yugoslavia and Hungary and which threatens to disturb peace and good understanding between nations.

This letter from the Yugoslav Government was supported by two letters of the same date from the Rumanian and Czechoslovak Governments,<sup>1</sup> and was followed up by a communication from the Yugoslav Government in which their accusation against the Hungarian Government was elaborated and was reinforced by documentary evidence.<sup>2</sup> In this communication, the Yugoslav Government asserted that the responsibility which they attributed to the Hungarian Government was 'proved by the following three facts':

(1) The choice of the criminals was made on Hungarian territory from among terrorists long and carefully trained in special camps for the perpetration of acts of this nature;

(2) The criminals left Hungarian territory freely, in possession of Hungarian passports;

(3) The Marseilles crime thus appears as the culmination of the terrorist action inspired and abetted for years on Hungarian territory.

The Yugoslav indictment went into the following details:

According to the confession of one of the accomplices of the Marseilles regicide, Mijo Kralj, it was at Nagy Kanisza, whither some fifteen terrorists were transferred from Janka Puszta, that lots were drawn in the presence of Colonel Perčević for the selection of the three men who were to perpetrate the atrocity. The three criminals chosen . . . were formerly inmates of the camp at Janka Puszta. . . . These three individuals left Nagy Kanisza with Hungarian passports, under . . . assumed names . . . as was ascertained by the Lausanne police and confirmed by the culprits' statements to the French authorities. The order to leave for France with Hungarian passports, the railway tickets and the necessary funds were sent by the heads of the organization living in Budapest. . . . The Hungarian Government has repeatedly given a solemn promise that the *émigrés* still in Hungary would remain subject to the close surveillance of the Hungarian authorities; that, indeed, was only its elementary duty. Can it be seriously claimed that any watch whatsoever was kept

<sup>1</sup> Texts in *League of Nations Official Journal*, December 1934, pp. 1767-8. The two texts are identical, *mutatis mutandis*.

<sup>2</sup> Text of Yugoslav communication, with appendices, in *League of Nations Official Journal*, December 1934, pp. 1772-1828.

over the terrorists, when such goings and comings of suspected persons, who had been transferred from Janka Puzsta on account of their terrorist activities, were possible?

The responsibility with which the Hungarian Government are charged in this passage is astonishingly analogous to the responsibility for the passage of the Archduke Franz Ferdinand's assassins from Serbian into Austro-Hungarian territory which is attributed to the Serbian Government of the day in the illuminatingly light-hearted reminiscences of one of that Government's own members, Monsieur Ljuba Jovanović.<sup>1</sup>

Upon the presentation at Geneva of the Yugoslav Government's request of the 22nd November, 1934,<sup>2</sup> the Hungarian Government retorted—in a letter<sup>3</sup> addressed on the 24th to the Secretary-General of the League by the Hungarian representative at the special session of the Assembly, Monsieur de Eckhardt—by echoing the Yugoslav Government's assertion that peace was in jeopardy; attributing the responsibility for the state of tension to the behaviour of the Yugoslav Government and the Yugoslav Press; and insisting 'that the Council of the League of Nations, already seised of this matter on the initiative of the Yugoslav Government, should immediately take it into consideration'. With the same pugnacity, though perhaps with less discretion and good taste, the Hungarian Government followed up their note of the 24th November with another of the 26th, demanding that Dr. Beneš, who happened to be the President of the League Council at this time, should forthwith resign his presidency in respect of the extraordinary session which was to deal with the Yugoslav-Hungarian dispute, on the ground that he was a party to the case. In a reply of the 28th November, Monsieur Avenol was able to remind Monsieur de Eckhardt that he had informed him orally—

<sup>1</sup> See L. Jovanović: *The Murder of Sarajevo* (London, 1925, British Institute of International Affairs).

<sup>2</sup> On the 20th November, two days before the Yugoslav request was presented, the special session of the League Assembly which had been summoned to deal with the Bolivian-Paraguayan dispute had opened at Geneva, and it had been anticipated that the representatives of the Little Entente would use the occasion in order to draw attention to the question of responsibility for the assassination of King Alexander. It fell to Dr. Beneš to pay the customary tribute to the memory of the victims of the Marseilles crime, but he was speaking in his capacity of President of the Assembly and not as the Foreign Minister of Czechoslovakia, and he avoided any controversial reference to Hungarian responsibility. Monsieur Jevtić, who acknowledged the President's tribute in a brief speech, declared that the 'horrible crime of Marseilles' had been 'perpetrated by a professional criminal of foreign nationality' and that it was 'a crime that was inspired and organized', but he also refrained from making any direct reference to Hungary.

<sup>3</sup> Text in *League of Nations Official Journal*, December 1934, p. 1768.

before Monsieur de Eckhardt's letter of the 26th was written—that Dr. Beneš had by then already notified to Monsieur Avenol his intention of relinquishing the presidency of the Council while the Yugoslav-Hungarian dispute was under consideration.<sup>1</sup> Thereafter, Monsieur de Eckhardt replied to the Yugoslav communication, in which the Yugoslav case had been set forth in detail, by submitting a memorandum,<sup>2</sup> dated the 8th December, 1934, on the Hungarian Government's behalf. Like the Yugoslav communication to which it was intended to be an answer, this Hungarian memorandum devoted more attention to the history of the Croat *émigrés* on Hungarian soil during the previous four years than to the immediate origins of the crime of the 9th October, 1934. The following account was given of the measures which had been taken by the Hungarian Government to implement the undertakings embodied in their note of the 26th April, 1934.<sup>3</sup>

Janka Puszta was evacuated in April last. The necessary stages of the winding up of the agricultural business [*sic*] were, firstly, the termination of the lease and, secondly, the sale of the farm products. On the 1st October, the whole concern had been wound up. A certain number of the *émigrés* then settled in other communes or farms where they succeeded in finding work affording them a livelihood. Others went to Nagy Kanisza to look for employment. It has been proved that at least half the *émigrés* who had lived at Janka Puszta did in actual fact leave Hungary during the period between the spring and September. On the 1st October, a new farmer was installed at Janka Puszta and the old lease was terminated for good and all. Thus the Hungarian Government has completely satisfied the desiderata previously expressed by the Yugoslav Government. The existence of the farm of Janka Puszta therefore does not afford any ground for a verdict unfavourable to Hungary in connexion with the events of Marseilles, which we ourselves deeply deplore.

The Yugoslav Government's request of the 22nd November, 1934, was dealt with by the League Council on the 7th–10th December, 1934, in an extraordinary session at which the representative of Portugal, Monsieur de Vasconcellos, took the chair whenever this item on the agenda was under discussion. The cases which were presented by the two parties and their respective supporters need not be recorded here, since they reproduced the accusations and denials which had already been set out at greater length on paper, and which have been described in this chapter at earlier points. The Yugoslav spokesman, Monsieur Jevtić, was supported by the repre-

<sup>1</sup> Text of correspondence between Monsieur de Eckhardt and Monsieur Avenol on this point in *League of Nations Official Journal*, December 1934, pp. 1769–71.

<sup>2</sup> Text in *League of Nations Official Journal*, December 1934, pp. 1829–38.

<sup>3</sup> See pp. 546–7, above.



sentatives of France and the Soviet Union, as well as by those of Rumania, Czechoslovakia and Turkey; the Hungarian spokesman, Monsieur de Eckhardt, was supported by the representative of Italy. Monsieur Jevtić's attack on the Hungarian Government was almost eclipsed by the militancy of Monsieur Titulescu's subsidiary speech; and Monsieur Laval spoke with unexpected vigour in the name of France. His opening words were that 'in this serious debate, France stands by the side of Yugoslavia'; and he repeated—*à propos* of Monsieur de Eckhardt's incidental exposition of Hungarian revisionism—a statement which he (Monsieur Laval) had made in the Chamber of Deputies in Paris on the 30th November, 1934: 'Any person who tries to remove a frontier-mark disturbs the peace of Europe.' In the name of Italy, Baron Aloisi drew a sharp distinction between revisionism and terrorism; and Monsieur Litvinov expressed a holy horror of terrorism in the name of the Soviet Union. Mr. Eden pleaded for a strict limitation of the discussion to the actual subject on the agenda, and for the exclusion of old matters of contention which were not strictly relevant. On the afternoon of the 10th December, Mr. Eden was appointed *rapporteur* by general consent; and at the next sitting, which was held on the same evening, he proposed to his fellow representatives on the Council a resolution in the following terms:

## I

The Council,

Convinced that it interprets the sentiments of the whole League of Nations;

Unanimously deploring the crime which occasioned the loss of the lives of the knightly King Alexander I of Yugoslavia, the Unifier, and of Monsieur Louis Barthou:

Condemns this odious crime;

Associates itself with the mourning of the Yugoslav nation and of the French nation;

And insists that all those responsible should be punished.

## II

The Council

Recalls, that it is the duty of every state neither to encourage nor tolerate on its territory any terrorist activity with a political purpose;

That every state must do all in its power to prevent and repress acts of this nature and must for this purpose lend its assistance to Governments which request it;

Is of opinion that these duties devolve, in particular, on the Members of the League of Nations in view of the obligations of the Covenant in relation to the engagements they have undertaken to respect the territorial integrity and the existing political independence of the other Members.

## III

The Council,

Desirous that the good understanding upon which peace depends should exist between Members of the League, and expressing its confidence that they will avoid anything which might be of a nature to compromise it ;

Noting that, as the result of the discussions which have taken place before the Council and of the documents which have been communicated to it—in particular, the diplomatic correspondence exchanged between the Hungarian and Yugoslav Governments from 1931 to 1934—various questions relative to the existence or the activities outside Yugoslav territory of terrorist elements have not been settled in a manner which has given satisfaction to the Yugoslav Government ;

Being of opinion, as the result of these discussions and documents, that certain Hungarian authorities may have assumed, at any rate through negligence, certain responsibilities relative to acts having a connexion with the preparation of the crime of Marseilles ;

Considering, on the other hand, that it is incumbent on the Hungarian Government, conscious of its international responsibilities, to take at once appropriate punitive action in the case of any of its authorities whose culpability may be established ;

Convinced of the goodwill of the Hungarian Government to perform its duty :

Requests it to communicate to the Council the measures it takes to this effect.

## IV

The Council,

Considering that the rules of international law concerning the repression of terrorist activity are not at present sufficiently precise to guarantee efficiently international co-operation in this matter :

Decides to set up a committee of experts to study this question with a view to drawing up a preliminary draft of an international convention to assure the repression of conspiracies or crimes committed with a political and terrorist purpose ;

Decides that this committee shall be composed of eleven members, the Governments of Belgium, Chile, the United Kingdom, France, Hungary, Italy, Poland, Rumania, Union of Soviet Socialist Republics, Spain and Switzerland, each being invited to appoint a member ;

Refers to this committee for examination the suggestions which have been presented to the Council by the French Government, and requests other Governments which may wish to present suggestions to send them to the Secretary-General, so that they may be examined by the committee ;

Invites the committee to report to the Council, so that the latter may apply the procedure laid down in the resolution of the Assembly of the 25th September, 1931, concerning the drawing up of general conventions negotiated under the auspices of the League of Nations.

In this resolution, the third section was the crux ; and here the draftsman refrained from either endorsing any positive accusation

against the Hungarian Government or calling upon the Hungarian Government to acquiesce in any procedure which would be inconsistent with the current concept of the prerogatives of national sovereignty. No definite verdict was pronounced on the question of fact; the presumption of responsibility was placed upon the shoulders, not of the Hungarian Government itself, but of 'certain Hungarian authorities'; and the task of verifying that presumption and taking any punitive action that might prove to be called for was imposed upon the Hungarian Government exclusively. On this point, in particular, Mr. Eden's draft resolution of the 10th December, 1934, offered a notable contrast to the Austro-Hungarian Government's ultimatum of the 23rd July, 1914, in which the plaintiff of the day had not only formulated his own accusation against the defendant but had insisted upon his own representatives taking part in judicial investigations on the plaintiff's territory.<sup>1</sup> These features made the draft resolution acceptable to Hungary, and at the same time it comprised other features which commended it to Yugoslavia. The problem raised by the terrorist activities of Yugoslav *émigrés* on foreign soil was admitted not to have been settled, so far, to the Yugoslav Government's satisfaction; the presumption of guilt was placed upon Hungarian shoulders; the Hungarian Government were required not only to carry out an investigation but also to mete out the appropriate punishment to their own public servants if they should prove to be guilty; and finally, in the fourth section of the draft, international action was set on foot for preventing the continuance of terrorist activities in the future.<sup>2</sup>

The *rapporteur's* draft resolution thus contained the necessary elements for a compromise; and, thanks to Mr. Eden's tact and Herr

<sup>1</sup> The relevant passage in the Austro-Hungarian Government's ultimatum of the 23rd July, 1914, runs as follows:

'Le Gouvernement Impérial et Royal se voit obligé de demander au Gouvernement Serbe . . . l'énonciation officielle . . . qu'il s'engage . . . à accepter la collaboration en Serbie des organes du Gouvernement Impérial et Royal dans la suppression du mouvement subversif dirigé contre l'intégrité territoriale de la Monarchie. . . . [et] à ouvrir une enquête judiciaire contre les partisans du complot du 28 juin se trouvant sur territoire serbe; des organes délégués par le Gouvernement Impérial et Royal prendront part aux recherches y relatives.'

(Great Britain: Foreign Office: *British Documents on the Origins of the War, 1898-1914*, vol. xi, pp. 364, 365.)

<sup>2</sup> The French suggestions, mentioned in this section of Mr. Eden's draft resolution, had been laid before the Council that afternoon in a text which is printed in *League of Nations Official Journal*, December 1934, pp. 1839-40. It will be noticed that the eleven countries which were to appoint members of the committee of experts which Mr. Eden proposed to set up included Hungary but not Yugoslavia.

Hitler's shadow, the resolution was adopted unanimously by the members of the Council, including the parties concerned. Indeed, the Hungarians and Yugoslavs both professed to hail the outcome of the proceedings at Geneva with equal satisfaction. According to the Budapest correspondent of *The Times*, the news of the agreement 'was received with sighs of relief' in the Hungarian capital,<sup>1</sup> while, according to the Balkan correspondent of the same journal, it was 'received with acclamation in the Yugoslav Press, always uniformly inspired by the official Press Department'.<sup>2</sup> The special correspondent of *The Times* at Geneva was able to add that 'the Franco-Italian *rapprochement*' had not only 'stood the strain' but had been 'further reinforced at a long conversation between Monsieur Laval and Baron Aloisi' on the 11th December, 'as the result of which Monsieur Laval's visit to Rome was brought definitely nearer'.<sup>3</sup>

In thus composing a political dispute which had been embittered by an inveterate national feud, envenomed by a dictated Peace Settlement, and brought to a head by a series of violent 'incidents' culminating in the assassination of the head of one of the two states concerned, the League of Nations had achieved a remarkable success; and the achievement becomes more impressive still when it is recalled that, at the very time when the case was under discussion at Geneva, action was being taken in South-Eastern Europe which might almost appear to have been deliberately calculated to render a pacific settlement of this Yugoslav-Hungarian dispute impossible.

On the 5th December, 1934, two days before the proceedings at Geneva opened, the Yugoslav authorities suddenly began to evict Hungarian subjects resident in Jugoslavia—expelling them from their homes at a few hours' notice and deporting them to the Hungarian side of the Yugoslav-Hungarian frontier. A number of the victims were persons who had been domiciled since before the War in the places from which they were now being evicted; and since most of these places were situated in territory which had been part of Hungary until the Peace Settlement of 1919–20, many of the deportees were genuine natives of the localities from which they were now being expelled, and had as good a moral right to be left in undisturbed occupation of their homes as their neighbours.<sup>4</sup> The deportees also included young

<sup>1</sup> *The Times*, 12th December, 1934.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> The judicial status of these alleged Hungarian nationals who were living on Yugoslav territory in 1934 is difficult to make out. They can hardly have been people who had opted for Hungarian nationality, instead of accepting Yugoslav nationality, upon the political transfer to Jugoslavia of the ex-Hungarian territory in which their homes happened to lie; for, under the terms of the Peace Treaty of Trianon (Art. 63), an optant was not entitled to

children, who were forcibly separated from their relatives—on the strength of an alleged official difference of national allegiance—and who were now deposited on the Hungarian side of the frontier without guardians or means of livelihood. The economic prospects of the adult deportees were hardly less bleak than those of the children, since they had been torn out of the environment in which they had been earning their living (many of them, on the land) and were being thrown upon the charity of a distressful country which certainly would be unable to absorb them immediately into its own economic system.

These evictions were defended by the Yugoslav Government in a statement issued by the Ministry of Foreign Affairs at Belgrade on the 6th December.

Twenty-seven thousand Hungarian citizens have for a long time been living and working in Jugoslavia with permits which had to be renewed every three or six months. In view of the large amount of unemployment among Yugoslav citizens, the Hungarian attitude at Geneva and the fact that Hungarians have withdrawn the permits of several hundred Yugoslavs living in Hungary, we decided not to renew these permits as they fell due. A number of permits had already expired and the persons holding these were accordingly ordered to leave the country immediately. Hard cases are being given time to wind up their affairs, and no particular hardship has been occasioned. What we are doing is perfectly legal. It is not inhuman and has been done frequently in other European states in recent years.

The assertion that what was being done was 'perfectly legal' and that it had 'been done frequently in other European states in recent years' might well be correct without affording any presumptive evidence at all that the Yugoslav Government were justified in their contention that they were not committing a moral atrocity. And the incidental reference, in the Yugoslav *communiqué*, to 'the Hungarian attitude at Geneva' revealed the cloven hoof and convicted the Yugoslav Government of applying political pressure under the cloak of economic necessity. These Hungarian deportees from Jugoslavia were in fact receiving vicarious punishment for the misdeeds of the

go on living in the country against which he had exercised his right of option; so that, if these persons had been optants, they would presumably have been deported to Hungary long before. As far as can be ascertained, the majority of them were people who, being Hungarians *de facto*, had never troubled, or never managed, to obtain regular papers of any kind to define their post-war juridical status. There seems to have been no evidence that they regarded themselves in 1934 as anything but Yugoslav nationals—in so far as the conception of nationality had any meaning at all for people as unsophisticated as most of these unfortunate deportees were.

Croat *émigrés* on Hungarian soil;<sup>1</sup> and, in thus taking revenge upon innocent victims who happened to be in their power, the Yugoslav Regency were imitating the National Socialist Government of Germany, who had been inflicting similar sufferings upon Jews and pacifists who were under their jurisdiction in order to slake their thirst for revenge upon the victorious Allied and Associated Powers who were still beyond the reach of their arm.

By the 7th December, more than two thousand deportees had already arrived in Hungary; and, in view of the Yugoslav *communiqué*, it was feared that the process might continue until the figure of 27,000, there mentioned, had been reached. The Ministry of the Interior at Belgrade does, in fact, appear to have had in preparation a general order for the expulsion, at forty-eight hours' notice, of all Hungarian subjects resident in Yugoslavia; but this order was held back; and on the 8th December the Prince-Regent Paul, who had been abroad when the deportations began and who returned to Yugoslavia that day, gave immediate orders that the expulsions should cease.<sup>2</sup> These orders appear to have been carried out.<sup>3</sup> On the 28th December, 1934, the Yugoslav Government announced that the last batch of deportees had left Belgrade on the 15th of the month, and that these were persons, already condemned to deportation, who had been granted a fortnight's grace for winding up their affairs. On the 13th December, the Hungarian Government announced that the number of deportees who had arrived in Hungary up to that date was already 3,004.

The Yugoslav Government's action in stopping the deportations as abruptly as they had started them is apparently to be explained as an unwilling tribute to the strength of public opinion. The Yugoslav Government were manifestly taken by surprise, and gravely disconcerted, by the promptness, vehemence and unanimity of the reprobation with which the rest of the World received the news of the barbarity in which Yugoslavia had elected to indulge. An outside observer could have predicted with certainty that this would be the general reaction; for these deportations were an offence against the moral order on two distinct counts. To take a vicarious revenge,

<sup>1</sup> The contention, in the Yugoslav *communiqué*, that these deportations of Hungarian subjects from Yugoslavia were reprisals for previous deportations of Yugoslav subjects from Hungary was not admitted on the Hungarian side. The Hungarian authorities declared that only sixty-six Yugoslav subjects had been expelled from Hungary during the past year, and that all of these had been vagabonds or undesirables of other kinds (*The Times*, 10th December, 1934).

<sup>2</sup> Statement by Sir John Simon in the House of Commons at Westminster on the 12th December, 1934.

<sup>3</sup> Statement, just cited, by Sir John Simon.

of a cruel and barbarous kind, upon innocent and helpless individuals was an atrocity in itself; and the intrinsic heinousness of this misconduct was aggravated by the peculiar unseasonableness of the occasion; for to jeopardize, by a wanton provocation, the chances of arriving at a peaceful settlement of a dangerous dispute was to show as little consideration for the common weal of nations as for the individual rights of human beings.

The feeling on the subject was so strong that the Government of the United Kingdom—which at this time was labouring under a strong inhibition against any avoidable interference in Continental European affairs—‘made representations to the Yugoslav Government to bring’ the ‘expulsions to an end’ in consideration of ‘the hardship to those concerned’ and ‘the importance of avoiding anything which might further embitter the dispute which had been referred to the Council of the League of Nations’.<sup>1</sup> The fact that this diplomatic action had been taken was made public in the House of Commons at Westminster on the 12th December, 1934, by the Foreign Secretary, and the question whether the deportations had genuinely ceased was raised again in the same place on the 19th of the same month.

It may be conjectured that the British Government’s representations at Belgrade assisted the Yugoslav Government to arrive at their decision to abandon a barbarous policy which, had it been persisted in, might well have undone what had just been accomplished at Geneva. As it was, the cessation of the deportations did allow the *détente* which had been produced at Geneva to take effect.

On the 12th January, 1935, the Hungarian Government handed to the Secretary-General of the League of Nations a memorandum setting forth the action which they had taken in accordance with the Council’s resolution of the 10th December, 1934. In this memorandum the Hungarian Government reported that they had undertaken a detailed investigation which, they declared, had established the fact that the authorities in Hungary had no responsibility, direct or indirect, for the Marseilles crime. It was admitted, however, that certain subordinate officials had failed to exercise adequate supervision over the movements of Croat refugees, and it was reported that, where such negligence had been established, disciplinary measures had been taken against the officials concerned. Two police officers had been dismissed from their posts, and a commandant of *gendarmérie* and two junior members of the force had been transferred

<sup>1</sup> Statement by Sir John Simon in the House of Commons at Westminster on the 12th December, 1934.

to other districts. In addition, the Government had introduced more stringent passport regulations and measures for the control of foreigners. The Hungarian Government expressed the opinion that in taking these steps they had completely fulfilled the duty which had been laid upon them by the Council on the 10th December, 1934.

The Yugoslav Government did not insist upon an immediate discussion of this memorandum by the League Council during its January session, and Mr. Eden, in his capacity as *rapporteur*, invited any members of the Council who might wish to make observations on the Hungarian report to submit their views to him in writing. He suggested that in the meantime the Council should take note of the receipt of the memorandum; and when the Council adopted the *rapporteur's* suggestion on the 18th January, 1935, without opposition from the Yugoslav representative, Monsieur Fotić, it was clear that the Yugoslav-Hungarian dispute had ceased to be a danger to the peace of Europe. Before the Council met again in May 1935, Mr. Eden had received communications from the Yugoslav, Czechoslovak and Rumanian Governments as well as a note on a point of detail from the French Government. The Yugoslav memorandum, which was published on the 21st May, enumerated certain points in respect of which the action taken by the Hungarian Government, as reported in their memorandum of the 12th January, 1935, was not considered at Belgrade to be entirely satisfactory. Having thus placed their objections on record, the Yugoslav Government refrained from pressing their point or demanding further satisfaction when the question came up again for discussion at Geneva. The negotiations for a final settlement of the dispute which were conducted by Mr. Eden with the representatives of Yugoslavia and of Hungary were accordingly crowned with success. On the 25th May Mr. Eden was able to tell the Council that, thanks to the goodwill of the Yugoslav Government and their desire to regard the question as closed, it was unnecessary for the Council to ask the Hungarian Government for any further information in regard to the execution of the resolution of the 10th December, 1934. Mr. Eden's report was accepted by the representatives of Hungary and of Yugoslavia, and its adoption by the Council marked the formal termination of the dispute.



## PART III

### EUROPE

#### E. WESTERN EUROPE

##### Relations between France and Germany over the Saar

In the *History of the Peace Conference* and in a previous volume of this series an account has already been given of events in the Saar Territory down to the year 1923.<sup>1</sup> It may, however, be recalled here that the establishment of a special international régime in that district arose out of those provisions of the Treaty of Versailles<sup>2</sup> by which Germany ceded to France 'full and absolute possession' of the Saar coal mines as compensation for the destruction of the mines of Northern France and as part payment towards the total sum due for reparation. In order to enable the French Government to work mines situated in what was unquestionably German territory, the Treaty provided that Germany should renounce, 'in favour of the League of Nations in the capacity of trustee, the government of the Territory'. The powers of government formerly belonging to the Reich, Prussia or Bavaria were to be exercised by a Governing Commission, appointed by the League Council and responsible to it, which was to consist of five members: one Frenchman, one inhabitant of the Saar and three nationals of states other than France or Germany. The Commission might not modify existing laws or levy fresh taxes without consulting representatives of the inhabitants. For this purpose an elected assembly called the *Landesrat* and a Technical Committee appointed by the Commission were set up in 1922, but their functions were merely advisory.

After fifteen years a vote was to take place by communes or districts on the three following alternatives:

- (a) Maintenance of the régime established by the present Treaty . . . ;
- (b) union with France; (c) union with Germany.

'All persons . . . more than twenty years old at the date of voting, who were resident in the territory at the date of the signature of the present treaty', were to have the right to vote, and 'the other conditions, methods, and the date of voting' were to be fixed by the

<sup>1</sup> See the *History of the Peace Conference*, vol. ii, pp. 176-84, 277-80, 389, 403-4 and the *Survey for 1920-3*, Part II, section (ii).

<sup>2</sup> The 'Saar Statute' consists of Articles 45-50 of the Treaty together with the Annex following those articles. Text in the *History of the Peace Conference*, vol. iii, pp. 132-43.

League Council 'in such a way as to secure the freedom, secrecy and trustworthiness of the voting'. After the taking of the plebiscite the League of Nations was to 'decide on the sovereignty under which the territory' was 'to be placed, taking into account the wishes of the inhabitants as expressed by the voting'. The League might partition the Territory if it considered this to be advisable. If the whole or part of the Saar Basin were reunited with Germany, 'France's rights of ownership in the mines situated in that part of the territory' were to 'be repurchased by Germany in their entirety at a price payable in gold'. If Germany failed to do this within one year, the Reparation Commission was to make the payment, if necessary by liquidating the mines. The French state and French nationals were to retain the right to purchase coal, and an equitable agreement regulating such sales was eventually to be fixed by the League Council. France and Germany might, however, modify any of these provisions by direct agreement before the payment actually became due.

It is a striking illustration of the modification of the economic clauses of the Treaty of Versailles by the force of circumstances that before the time fixed for the plebiscite to be held, the Reparation Commission had ceased to function, on the coming into force of the Young Plan in May 1930,<sup>1</sup> while the Lausanne Conference of 1932<sup>2</sup> had put an end to those very reparations of which the international régime was expressly intended to serve as 'a definite and visible symbol'.<sup>3</sup> Post-war economic developments had had a no less far-reaching effect on the industrial and commercial life of the Territory and on the policy of the states which were interested in it. At a time of over-production and depression it was not easy, either to carry out the provisions of a scheme devised in the expectation of a period of scarcity, or to find a satisfactory method of liquidating the experiment. This was especially the case as the subject of this experiment was a highly industrialized area dependent on outside sources for its food supply, though exporting more goods than it imported, the possession of whose economic resources had ceased to be of vital importance to either of the Powers which might acquire sovereignty over it. The Saar problem was indeed a striking instance of that conflict between economic interdependence and political division which appeared so frequently in contemporary international relations, since

<sup>1</sup> See the *Survey for 1930*, p. 527.

<sup>2</sup> See the *Survey for 1932*, pp. 112-13.

<sup>3</sup> Quoted from the *Reply of the Allied and Associated Powers to the observations of the German delegation on the conditions of peace*. (In *British and Foreign State Papers*, 1919, vol. 112, p. 262.)

the artificially created Saar Territory formed an inseparable part of that West European industrial area which also included the coal, iron and steel producing districts of the Ruhr, Lorraine, Belgium, Luxembourg and Northern France. Before the General War of 1914-18 there had been a strong tendency towards closer union and specialization among all these districts although they were divided by the political frontiers of four states and by the boundaries of three customs areas (the Belgian, the French and the German); and they remained to a certain extent interrelated in spite of the dislocation caused by the War and the Peace Settlement, which checked the ascendancy of Germany and transferred Luxembourg, Lorraine and the Saar to the customs areas of Belgium and of France. In consequence, the industrialists interested in the different parts of this area not infrequently found it more profitable to set national rivalries aside, and reach some compromise between interests which were not fundamentally opposed to one another.

The chief source of wealth in the Saar, and what had made it a desirable possession in French eyes, was the coalfield. This extended from the extreme north-east of the Territory to the Warndt district (forming a salient jutting out into Lorraine) in the south-west. Its reserves were considerably greater than those of Lorraine and of Northern France and were estimated at 8,969,000,000 metric tons to a depth of 1,200 metres,<sup>1</sup> while the annual output had varied between 14,000,000 tons in 1924 and 10,500,000 tons in 1933. Though suitable for use in heating and cooking<sup>2</sup> and for the manufacture of gas, Saar coal was less well adapted for the production of the blast furnace coke required by the local iron and steel industry, and until recently could only be used for this purpose if mixed with imported Ruhr coal; and though a process which overcame these disadvantages had recently been invented, it was not yet commercially profitable. The secondary importance of the district in comparison with the Ruhr may, as has been alleged, have been due, in part, to a deliberate lack of encouragement on the part of the German Government, but it can also be accounted for by the natural inferiority of the coal of the Saar, together with its lack of transport facilities. The district had no inland waterway to compare with the Rhine, and its only access to that river was by the way of the French Marne-Rhine canal.

During the years of the French Administration the prosperity of the mines gradually diminished owing to a variety of causes. They

<sup>1</sup> Statistics of the Franco-Saar Chamber of Commerce quoted in M. Lambert: *The Saar* (London, 1934, Faber and Faber), p. 311.

<sup>2</sup> It was said to be much in demand by the best French chefs.

had formerly been owned by the states of Prussia and Bavaria, and the French Government continued the method of direct management, creating the Administration des Mines Domaniales de la Sarre for this purpose. Certain coal deposits in the Warndt district were, however, leased to French private companies which mined them from shafts sunk on the French side of the frontier. After a few good years the mines became less profitable, and by the time of the plebiscite they were running at a loss. According to independent calculations by French and German experts based on the Reparation Commission's valuation of the mines at Rm. 300,000,000, the rate of profit over the whole period was not more than 3 per cent. The French Administration had shown great technical ability in its management of the mines, the capacity for production of which had steadily increased, though for some years the quantity produced had had to be restricted owing to the decrease in the demand for coal. Nevertheless, it was a natural, though regrettable, consequence of the post-war state of mind, both in the Saar and in the Reich, that the Administration's policy should meet with criticism from German propagandists. In particular, the Administration was accused of exploiting the mines for immediate profit without regard for their future development, a proceeding described by German propagandists as *Raubbau*—i.e. 'thief mining'. The good record of the mines with regard to safety would seem to disprove this allegation, the truth of which could only have been decided by an impartial expert inquiry. Moreover, the French would seem to have had little incentive to disregard the capital value of the mines so long as they could hope either to gain permanent possession of them or to resell them to Germany on at all favourable terms. The satisfactory relations between the Mines Administration and its German employees did great credit to both parties, though some ill feeling was caused by the question of the French schools;<sup>1</sup> but, by the date of the plebiscite, increased unemployment had put a great strain on the patience of the miners.

The uncertainty as to the future prosperity of the mines under either French or German ownership was partly due to the fact that Saar coal exports had to a large extent been diverted from their pre-war markets. This tendency might be attributed to the inclusion of the Saar in the French customs area; or to the French Administration's energy in promoting sales both throughout France and as far afield as Italy and Austria; or to the evolution of German industry since the War, which had lowered the consumption, while increasing the home production, of coal. In 1933 nearly four times as much

<sup>1</sup> See pp. 586-7, below.

Saar coal was imported by France, not including Alsace-Lorraine, as in 1913, while the amount imported by Germany had decreased by two-thirds.<sup>1</sup> It was uncertain how far the Saar could hope to keep this new market, as the mines in the French devastated areas had been fully restored since 1925 and were now working well under capacity, while the Lorraine metallurgical industry was making increasing use of local coal supplies. A plebiscite decision for union with France, or for the maintenance of the *status quo*, would therefore leave the Saar coal industry dependent on such concessions as the French Government might be willing to make. On the other hand, if the Saar were reunited with Germany the industry might lose this connexion with France only to find that its former markets in the Reich had been captured by lignite and Ruhr coal. The Reich Government, however, made repeated promises that no effort should be spared to make room for Saar coal. Plans were reported to have been made for the long distance supply of gas and electricity from the Saar, and for the purchase of large supplies of coal by railways and other consumers. It was also claimed that much employment would be given by the reconstruction of which the mines stood in need.

The iron and steel industry of the Saar was almost equal in importance to the coal mines. The local supplies of ore to which it had owed its existence had been worked out by about the time of the Franco-Prussian War, since when it had been dependent upon Lorraine and to a much lesser extent upon Luxembourg for supplies of the low-grade 'minette' ores with a high phosphorus content which had become valuable after the discovery of the Thomas process in 1878. The iron and steel concerns differed from the coal mines in being privately owned and were an even more striking example of the inter-relation of economic interests in Western Europe. Before the War much Belgian, French and Luxembourg capital was invested in these companies, which themselves had interests in iron and coal mines and blast furnaces in Lorraine. This process of unification was, however, interrupted by the General War and the Peace Settlement, and during the next few years an attempt was made to reconstruct the West European industrial unit under the leadership of France—an attempt which was eventually discouraged by the post-war crisis of over-production and the magnitude of the task of transforming France into a predominantly industrial and exporting country, which was a complete reversal of her previous

<sup>1</sup> See M. T. Florinsky: *The Saar Struggle* (New York, 1934, Macmillan), p. 63.

economic policy. For a time the French Government also hoped that the economic assimilation of the Saar by France would inevitably lead to a political union, and with that end in view they sequestered all Saar coal and iron interests in Lorraine and sold them on favourable terms to the French metallurgical industry. French industrialists, for their part, were anxious to protect themselves against competition on their home market, and for some years they owned a controlling interest in three of the five chief iron and steel firms in the Territory. For a time they also held a strong position in other industries such as glass-making and the manufacture of finished iron and steel products, but after about 1926 they began to withdraw their capital. In 1929 French investments (excluding the mines) were said to amount to 1,800,000 francs,<sup>1</sup> and so late as 1934 the property of the French state, together with that of private individuals, was reckoned at no less than 4,000,000,000 francs.<sup>2</sup>

The chief outlet for the semi-finished products in which the iron and steel industry specialized had always been South Germany, and the industry had not succeeded in establishing itself on the French market by the time when the period of free trade with Germany ended on the 10th January, 1925. However, while commercial negotiations<sup>3</sup> were still in progress between the French and German Governments, an agreement was reached between the industrialists of the two countries which provided that the Saar might import into Germany a duty-free quota of iron and steel exceeding 500,000 tons but amounting to less than 1,300,000 tons per year. It was arranged that the Saar firms should market a certain proportion of their output through the German selling syndicates, and they also obtained a 500,000 ton quota on the French market, in addition to their share of the German market, including the export trade. The German Government arranged for a temporary postponement of the collection of duties on imports from the Saar, and the position was regularized by commercial agreements of the 5th August and the 6th November, 1926, and the 23rd February, 1928,<sup>4</sup> by which nearly all Saar exports might enter Germany duty free and subject only to liberal quota restrictions. Valuable concessions were also made with regard to German goods entering the Saar. After 1926 Saar producers gained certain advantages from their membership of the International Steel

<sup>1</sup> See the *Dépêche de Toulouse*, 11th October, 1929.

<sup>2</sup> See *The Financial News*, 5th September, 1934.

<sup>3</sup> For an account of these negotiations see the *Survey for 1925*, vol. ii, Part II B, section (iii) (a).

<sup>4</sup> Texts in *League of Nations Treaty Series*, vol. 73, pp. 105-31; vol. 62, pp. 155-217, and vol. 79, pp. 248-404.

Cartel, in which they were allotted a quota varying from 6.54 to 5.78 per cent. For some years the industry prospered, though it did not share in the great industrial expansion experienced by Germany during the years 1927 and 1929. When the slump came, the Saar producers' independence of German selling organizations as regards their home market, or exports to France, gave them an opportunity to increase their sales in whichever market seemed the more promising. Saar exports to France, Belgium and Luxembourg increased considerably between 1930 and 1932, while those to Germany decreased, only to increase again later in response to the rising demand for iron and steel encouraged by the National Socialist Government's policy of public works and rearmament. It was sometimes suggested that Saar producers had been so courted with concessions by both sides that the loss of either of their rival benefactors would be fatal to them. They seem, however, to have shown a certain efficiency and resourcefulness in adapting themselves to changing conditions and in modernizing their technique and equipment, though the process of rationalization had not been carried so far as in the Ruhr.

As in the case of the coal mines, the future to be expected for the iron and steel industry after the plebiscite was clearly dependent on a number of possibilities and uncertainties, whichever of the three alternative courses might be adopted. A decision in favour of union with France or of the maintenance of the *status quo* might result in the loss of its best market, and in the event of reunion with Germany its reincorporation into the Reich economic system would most likely be more easily brought about than that of the coal industry, owing to its previous connexion with German selling organizations. On the other hand the industry was almost entirely dependent on Lorraine for its supplies of ore. As the French Government were reported to believe, on the basis of a survey made in 1929, that the present rate of mining would exhaust these ore deposits in less than a century, there was a possibility that they might wish to reserve these supplies for local industries instead of allowing them to be exported. German opinion, however, held that these fears of scarcity were exaggerated and that, in any case, the Saar could, if necessary, get its ore from other foreign sources or from Germany. In addition it was pointed out that the industries of Lorraine still needed Saar coal, while the Saar had a favourable trade balance with France, was said to be her fifth best customer, and was an especially valuable outlet for agricultural produce. Besides this, French iron and steel producers would be unwilling to risk the break-up of existing international agreements or the imposition of prohibi-

tive duties on their imports into Germany. It was indeed widely believed, even by many of the most nationalistic and uncompromisingly pro-German of Saar business men, that the real community of interests between Lorraine and the Saar would make it possible to reach an agreement between the industrialists concerned, to be followed by an inter-governmental agreement, as had happened in the case of the commercial negotiations of 1925-8.

The ten years between 1923 and the outbreak of the National Socialist Revolution in the Reich passed comparatively uneventfully in the Saar. The temporary lessening of tension between France and Germany between 1925 and 1930 was reflected in an improvement in the relations between the Saarlanders and their Governing Commission.<sup>1</sup> The Commission remained, of course, in an invidious position which has been compared<sup>2</sup> to that of a foreign governess appointed by an unpopular guardian for his ward during the few years before she came of age. It was natural that the Saarlanders should resent their separation from a country to which they were united by the bonds not only of race but of a political union which had been in force during a period when the idea of the national state was being formed. It should, however, be remembered that, for an 'oppressed nationality', the Saarlanders enjoyed unusual freedom in such matters as education, local administration and the use of their own language; while their position did not compare unfavourably with that of the inhabitants of the occupied territories in the Rhineland. Moreover, the sympathy of the Germans of the Reich and of their Government was expressed in the satisfactory form of financial help, including subsidies to the Press and to social welfare organizations, the effect of this liberality being enhanced by its contrast with the policy of France. The temporary Government of the Saar, if undemocratic, was undeniably efficient, especially in financial matters, though there were complaints that too much was spent on the salaries of a few highly placed foreign officials. The Commission's economy with regard to public works was also contrasted with the Communes'

<sup>1</sup> The French member of the Governing Commission, Monsieur Rault, whom the League Council had appointed to the position of Chairman in 1920, continued to hold that office till 1926. During these years he gave proof of great ability in building up a working administration of the Territory, but it was inevitable that he should see many things from a different point of view from that of his *administrés* and that he should be accused of intransigence and undue subservience to French interests. After 1926, the office of Chairman was held in turn by a Canadian, Mr. Stephens (1926-7), and two Englishmen, Sir Ernest Wilton (1927-32) and Mr. (afterwards Sir Geoffrey) Knox (1932-5). For an appreciation of the work of the Commission see pp. 625, 626, below.

<sup>2</sup> See Florinsky, *op. cit.*, p. 156.



policy of lavish borrowing and spending. As the Saar was not liable for reparations and had started its independent existence with no public debt or defence services, taxes were decidedly lower than in the Reich. If members of the Landesrat had no control over the Governing Commission, they had at least complete liberty to criticize it, while the Press and the more vociferously German among the inhabitants had likewise plenty of opportunity, if rather scanty justification, for telling the world how ill treated they were.

Complaint was also made that the French were trying to increase their hold over the Territory by cultural as well as by economic penetration, in the hope of reviving the traditions of the eighteenth and early nineteenth centuries when the Saar, like other border districts, had been much attracted by French ideas, and when a part of the district had even been under French sovereignty.<sup>1</sup> In particular there was a long dispute over education, in which the Saar Catholics' deeply rooted suspicions of French anti-clericalism played a part. The Treaty of Versailles, which provided that the Saarlanders might keep their own schools, also gave the French Mines Administration the right of establishing 'primary or technical schools for its employees and their children and of causing instruction therein to be given in the French language'.<sup>2</sup> The primary schools which it set up were thrown open to other children besides those of its employees, and instruction was given in German as well as in French. In January and February 1923 and August 1924 the German Government appealed to the League Council with regard to the legality of this proceeding. After consultation with jurists, however, the Council adopted a report<sup>3</sup> on the 11th December, 1924, arguing that the provisions of the treaty had been in no way infringed. The hopes expressed at the same time by the Council that the Governing Commission would find means to relieve the Saarlanders' anxiety on this point were not, however, fulfilled. There were still complaints that pressure was put upon parents to send their children to the

<sup>1</sup> The French founded the town of Saarlouis in 1680 and continued to hold it throughout the eighteenth century. At the time of the Revolution they annexed the whole of the Saar, and the terms of peace of 1814 allowed them to retain Saarlouis, Saarbrücken and the greater part of the coalmining area, but these remaining French possessions in the Saar were ceded to Prussia under the Final Act of the Congress of Vienna, signed on the 9th June, 1815.

<sup>2</sup> In Clause 14 of the Annex to the Saar Statute (text in the *History of the Peace Conference*, vol. iii, p. 137).

<sup>3</sup> For the text of this report, the correspondence between the League of Nations, the German Government and the Governing Commission, and the legal opinions given in this case see *League of Nations Official Journal*, April 1924, pp. 414-20, and February 1925, pp. 145-6, 250-74.

French schools and that mine workers who had refused to do so had been dismissed or turned out of their houses—to which the Mines Administration retorted that no employee had been penalized for his political opinions except in so far as they might have had a bad effect on his work. In any case very few children attended these schools, and an attempt to provide voluntary courses in French in the ordinary schools was equally unsuccessful.

Another source of discontent at the turn of the years 1923 and 1924 was the presence of French troops, to the number of about 4,000, who were stationed in the Saar for the protection of the mines and other property of the French state and also of the communications of the Rhineland armies of occupation. The Treaty of Versailles had, indeed, made no provision for a prolonged occupation of this kind. On the other hand, the Governing Commission, whose duty it was to maintain order in the Territory, was empowered by League Council decisions<sup>1</sup> of the 13th February, 1920, and the 20th June, 1921, 'to make use in case of necessity of any forces which' could 'be placed at its disposal', but it was made clear at the time that the Commission should adopt a 'policy of dispensing with the support of foreign troops as soon as the development of the local gendarmerie' made this possible.<sup>2</sup> Thereafter the Council repeatedly urged that this policy should be more rapidly put into effect, and received in its turn protests from the German Government on the subject. During a discussion on the question at a session of the Council on the 13th March, 1925, Sir Austen Chamberlain, at that time President of the Council, expressed the hope that it might be possible 'to remove the rest of the French troops . . . while maintaining them sufficiently near the frontier to make them available for the preservation of order if necessary'.<sup>3</sup> Next day the Council invited the Governing Commission to make suggestions on the maintenance of order in the absence of foreign troops, taking into account 'the possibility of obtaining assistance from troops stationed outside' the Territory. The report duly submitted by the Commission on the 28th January, 1926 asserted that, as the Territory could not afford a sufficiently large gendarmerie to maintain order under all circumstances, the Commission considered itself 'entitled, without delay and on its own responsibility, to call upon military forces stationed outside the Saar Basin in order to provide for the protection of persons and property

<sup>1</sup> Text in *League of Nations Official Journal*, March 1920, p. 47, and September 1921, p. 685.

<sup>2</sup> *League of Nations Official Journal*, September 1921, p. 685.

<sup>3</sup> *League of Nations Official Journal*, April 1926, p. 467.

. . . and particularly the mining installations and railway system'. On the 18th March, 1926, the Council took note of this report and of assurances given by the French Government regarding a gradual withdrawal of troops.<sup>1</sup> In order to ensure freedom of transport and transit a Railway Committee was established consisting of officers and technical officials working in connexion with the military authorities in occupied territory, and on the 12th March, 1927, the Council agreed, on the basis of a proposal put forward by the Governing Commission, that the French troops should be replaced within three months by a Railway Defence Force of not more than 800 men who would be supplied by the occupying Powers in the Rhineland but who would be under the orders of the Governing Commission. In case of need these troops might be reinforced by two battalions stationed at Forbach and Sarreguemines in French territory. The British and Belgian contingents of the Railway Defence Force remained in the Territory till 1929, while the French contingent was withdrawn at the time of the final evacuation of the Rhineland in 1930.

Between the years 1926 and 1930, negotiations took place on several occasions between the French and German Governments on the subject of the return of the Saar to Germany before the date of the plebiscite. In the course of the conversation between Monsieur Briand and Herr Stresemann at Thoiry on the 17th September, 1926,<sup>2</sup> a suggestion was made for the transfer of the Territory during the following year in return for an immediate payment of 250,000,000 or 300,000,000 gold marks by Germany, but this provisional agreement was never followed up, partly owing to the difficulty of the financial operations involved. The question was also raised during the negotiations preceding the Hague Conferences of 1929-30.<sup>3</sup> It did not actually come before these Conferences, as the French Government could not accept the German view that the phrase 'liquidation of the war' included the return of the Saar as well as reparations and the evacuation of the Rhineland. Monsieur Briand and Herr Stresemann, however, agreed to the opening of direct negotiations on the subject. These negotiations began in Paris on the 21st November, 1929, but they aroused much opposition in France among the right-wing politicians and Press, and among those commercial interests who wished to keep the Saar market as long as possible, and no agreement had been reached by the time when

<sup>1</sup> Text of Council resolutions and extracts from report in *League of Nations Official Journal*, April 1926, pp. 527-8.

<sup>2</sup> See the *Survey for 1927*, pp. 109-14.

<sup>3</sup> For an account of these conferences see the *Survey for 1930*, Part VI, sections (b) and (d).

they were finally adjourned on the 7th July, 1930. The political aspects of the question were not even discussed, except informally, as the French Government continued to insist that the status of the Territory was fixed by the Treaty of Versailles and could not be modified by a separate agreement between France and Germany, and that in any case the population must not be deprived of their right of self-determination. The economic problems involved proved equally difficult, though it was possible to agree on a scheme for a double customs cordon allowing considerable freedom of trade between France and the Saar, at least until 1935. There was, however, no way of reconciling the German demand for the unconditional return of the mines to the ownership of Prussia and Bavaria with the French proposal that they should be managed by a Franco-German commercial company. An arrangement of this kind would, of course, have protected French-owned iron and steel concerns in Lorraine and the Saar from discrimination on the part of the German state, and would have enabled French capital to gain a strong position in the coal industry as well as in iron and steel. French industrialists also hoped for the negotiation of an international coal agreement on the lines of the steel cartel.

The French no longer believed in the existence of the 150,000 Saar Frenchmen claimed by Monsieur Clemenceau at the Peace Conference, and could hardly expect a decision in their favour, but some of them had not given up all hope of the maintenance of the *status quo*. This alternative would give French merchants and industrialists a far better position than they could hope for if the Saar returned to Germany and its customs union with France was brought to an end; but it was less attractive to those who were chiefly interested in the strategic advantages of a district so well provided with lines of communication by road and rail, and surrounded by hills which were equally well suited to be either a bastion for the defence of Lorraine and Central France or a base of operations against the Rhineland and Palatinate. Others, however, considered that the existence of a neutralized frontier region open to commerce on both sides would make for peace and reunion in Europe and enhance the prestige of the League of Nations, which would in that case enjoy complete territorial sovereignty in its own right and no longer merely in the capacity of trustee. It was even suggested that the League might transfer its headquarters to a City of Peace to be founded in the Territory itself.<sup>1</sup> On the whole, however, French opinion was

<sup>1</sup> This suggestion could hardly commend itself to those who desired to strengthen the authority of international government, since it would entangle

steadily losing interest in the Saar and was increasingly ready to acquiesce in a plebiscite decision for its reunion with Germany, as this would remove a possible source of conflict without infringing the principle of respect for treaties. There was a corresponding slackening of French propaganda in the Saar itself, which, in any case, had never been so lavish or effective as that carried on from the Reich. There had indeed been complaints of such forms of intimidation as the forcing of German mine workers to join 'separatist' organizations, but these were countered on the French side by allegations as to the blacklisting of persons suspected of disloyalty to Germany. By 1933 leading propagandist organizations such as the Association Française de la Sarre were no longer working for the union of the Territory with France but were attempting as a last resort to persuade the Saar Germans, who were mostly of Rhenish origin, that the maintenance of the *status quo* would save them from being 'Prussianized' and would enable them to keep their present economic advantages instead of returning to share in the misfortunes of Germany.

Up to this time, however, no impartial observer could have doubted that the plebiscite would result in an overwhelming majority for reunion with Germany or that the transfer of the Territory could be made without any risk of an international crisis, though it might not be easy to reach an immediate settlement on outstanding economic questions. The situation was, however, entirely changed by the National Socialist Revolution in Germany and by the turn of the years 1933 and 1934 the Saar had become one of the storm centres on the increasingly threatening horizon of international relations. Herr Hitler and his followers had owed their success in great part to a stirring programme of foreign policy which included the deliverance of Germany from the degradation imposed by the Treaty of Versailles and the reunion of as many Germans as possible in the totalitarian racial community of the Third Reich. The Saar was the most suitable immediate objective for this policy, since the liberation of the German minorities across the borders of the Reich could hardly be brought about except by war, and in the case of Poland such forcible revision of the treaty would be incompatible with the deliberate policy of *rapprochement* leading up to the non-aggression pact of the 26th January, 1934.<sup>1</sup> Moreover, the course of events the League still further in the system of parochial sovereignty which it was created to transcend. It is, however, interesting to compare it with the reaffirmation of temporal power by Pope Pius XI in the Lateran Agreements of 1929 (see the *Survey for 1929*, Part V, section (i)).

<sup>1</sup> See pp. 327-8, 341, *seq.*, above.

during the year following the National Socialists' entry into power did not promise a speedy fulfilment of their hopes for the *Anschluss* or even for the *Gleichschaltung* of Austria to Germany.<sup>1</sup> In addition to their desire for national vindication and expansion, the German Government were influenced by those pacific and reasonable motives which often tended to counteract the more aggressive features of National Socialism and were perhaps unjustifiably minimized by its critics. It was frequently asserted that the return of the Saar would remove the last obstacle to a permanent reconciliation between France and Germany: a view expressed by Herr Hitler himself in a speech broadcast on the 14th October, 1933, after the announcement of Germany's intention to withdraw from the Disarmament Conference and League of Nations.<sup>2</sup>

On the 24th November, in the course of a conversation with the French Ambassador in Berlin, Herr Hitler made a definite request that the Territory should be returned without waiting for the plebiscite, as this would place an unnecessary strain upon Franco-German relations, though he still maintained that the result would be a foregone conclusion. He returned to the subject in his anniversary speech in the Reichstag on the 30th January, 1934. He then declared that when once the Saar problem was settled his Government 'would be prepared and determined not only to accept the letter but also the spirit of the Locarno Pact', and went on to propose that an agreement for the return of the Saar should be concluded between France and Germany, and that after this had been done the Saarlanders should exercise their right of self-determination by means of a referendum.

Suggestions of this kind were not, however, favourably received in France, since it was felt that, in the interests of the collective system, France must continue to act within the framework of the League of Nations. Moreover, the past attitude of that country made it impossible for her to renounce any of the plebiscite alternatives in advance, and the policy of Herr Hitler's Government had not been such as to encourage the making of concessions which had been refused to his more conciliatory predecessors. There was also some sympathy with the anti-Nazis' desire to create an internationalized city of refuge in the Saar. The attitude of the French

<sup>1</sup> See Part III C, section (i), of the present volume.

<sup>2</sup> See the *Survey for 1933*, pp. 307-8. At the great Saar demonstration held at the Niederwald Monument on the 27th August, 1933, Herr Hitler had already insisted on the German desire for peace and for a good understanding with France, though he made it clear that there could be no compromise over the reunion of the Saar (*Völkischer Beobachter*, 29th August, 1933).

Government themselves was outlined at a meeting of the League Council on the 20th January, 1934, by Monsieur Paul-Boncour, who said that France, though one of the parties directly concerned in the plebiscite, was even more deeply interested in the question by reason of her permanent membership of the Council. Though a direct understanding could have been reached between France and Germany on the question of their common interests, it remained the duty of France, as of all other states, to enable the Saarlanders to decide their future status by an absolutely free vote, in accordance with the terms of the Treaty. After the change of Government of the 9th February by which Monsieur Barthou<sup>1</sup> became Minister for Foreign Affairs in the Cabinet formed by Monsieur Doumergue, there was a certain hardening in the French attitude, and in a speech delivered at Sathonay on the 6th May, Monsieur André Fribourg, *rapporteur* on Saar questions to the Foreign Affairs Commission of the Chamber of Deputies, declared that, though it was the chief aim of the Government to ensure the religious, political, and economic liberty of the Saar population, it was also their duty to defend the material interests of the French state and of private enterprise, both in industry and in agriculture. If, as he expected, there was a majority in favour of the *status quo*, a more democratic form of government would be established and France would grant favourable treatment to Saar exports; but if the Saar returned to Germany, France would insist on her right to immediate payment in gold for all public or private property ceded to Germany, while the political barrier between the Saar and France would be reinforced by 'an economic safety curtain'. France could not allow the return of the Saar to be used for bargaining purposes in her negotiations with Germany, or to form an excuse for such atrocities as had been carried out against the Rhineland separatists.

The National Socialists would naturally have preferred the immediate return of the Territory, which could have been made to appear a conspicuous success for their foreign policy and a useful precedent for the revision of other chapters of the Peace Treaties. If, however, the plebiscite were inevitable, they were determined that the Saar should be no less willing than the Reich to show its loyalty to Herr Hitler. It was also obvious that any appreciable falling off from the original estimate of a majority of 90 per cent or more for reunion with the Weimar Republic would be considered as a vote of censure on the Third Reich. Ever since their entry into power, therefore, they had been carrying on an intensive campaign,

<sup>1</sup> For an account of the policy of Monsieur Barthou see pp. 339-40, 387, above.

both at home and in the Saar, with those same methods of propaganda which had lately proved their influence over the emotions of the average German to a degree almost incomprehensible to foreign observers. In this campaign they were assisted by a local Nazi movement which, though it had at first made comparatively slow progress among the predominantly industrial population of the Saar, was well established at the time of the revolution in Germany, after which its membership had increased enormously. Herr Staatsrat Spaniol and the other leaders of the party had, however, little experience of politics and were not very successful in working with members of the older parties, or in restraining their more violent and irresponsible followers, while they courted notoriety by such slogans as the demand for 'a free hand for twenty-four hours after the plebiscite, when long knives would come into play'. The Saar Nazis had come into conflict with the Governing Commission as early as 1931. On the 26th November of that year ordinances were issued restricting the use of firearms and forbidding drilling and marching by night, and in November 1932 all Nazi storm troops and other semi-military organizations were dissolved, while during the next few months the increasing risk of disturbances led to the enactment of further restrictions, often modelled on existing German legislation.

The provocative behaviour of the Saar Nazis and the revolutionary measures already being carried out in the Reich itself aroused great alarm among such inhabitants of the Saar as had reason to fear their probable fate in a *gleichgeschaltet* Germany. The Social-Democrats who, as late as the 8th April, 1933, had declared that they would continue to demand reunion with Germany, tended more and more to co-operate with the Communists. Both parties eventually formed an organization called the *Freiheitsfront* or *Einheitsfront* which aimed at the maintenance of the *status quo*, in the hope that the Saar might be granted a democratic form of government and that a second plebiscite might eventually be held to enable the inhabitants to return to a liberated Germany. Opponents of National Socialism were also in favour of postponing the plebiscite, but it was uncertain whether the provision of the treaty that the date should be fixed in such a way as to secure a free vote gave the League Council the right to do more than decide on the most suitable day of the week for taking the vote.<sup>1</sup> A postponement of the plebiscite for any length of time, even if legally justifiable, would never have been accepted

<sup>1</sup> This point is discussed in an article by Sir John Fischer Williams in *The Manchester Guardian* of the 9th February, 1934.



by Germany and would only have prolonged a situation which was becoming increasingly dangerous to international peace as well as to public security and economic and financial confidence in the Saar itself.

It was evident that the decisive factor in the plebiscite would be the attitude of the Catholics, who formed nearly three quarters of the population and whose political organization, the Centre Party, had always held a majority in the Landesrat. Though the Saar Catholics might be favourably impressed with National Socialism in so far as it appealed to their patriotic and anti-Marxist feelings, they could not but feel misgivings, both at the 'semi-official' ill treatment of Catholics in the Reich by individual Nazis and at the considered policy of the new German Government with regard to them. Even if they were prepared to acquiesce in the curtailment of their political activities, they might be expected to refuse to surrender the final authority in matters of education and moral teaching to a neo-pagan totalitarian system whose point of view was utterly irreconcilable with theirs. It was, however, impossible to foresee what their attitude would be by the time of the plebiscite, since it would depend on the state of relations at the moment between the National Socialist Government and the Catholic Church as represented both by the Saar Catholics and by the Catholic community in the Reich. The Saar Catholics would be all the more strongly influenced by the policy of the Catholics in the Reich because the political separation of the Saar from the Reich had not removed them from the ecclesiastical jurisdiction of their Reichsdeutsch prelates. In the early days of the international régime the Governing Commission had hoped that a Bishopric or Apostolic Vicariate might be specially created to take charge of the Saar, but the French Government, who shared this view, did not succeed in persuading the Vatican to meet their wishes. At the time this meant that the Saar clergy were able to rely on the support of their ecclesiastical superiors, the Bishops of Trier and Speyer, for their energetic opposition to French influence, especially in education, but, later on, this dependence on the Church in the Reich was to play an equally important part in the plebiscite campaign.

For some time, at any rate, the Saar Catholics made some resistance to the process of Nazification. For instance, up to the autumn of 1933 the *Landeszeitung*, the leading Catholic newspaper, allowed itself considerable freedom in its indirect criticisms of the Nazi régime, and when it was finally 'brought into line' its editor, Herr Hoffmann, started a new paper called the *Neue Saar-Post* which

openly declared itself in favour of the *status quo*. It was believed that many of the clergy held similar views but were prevented from making full use of their influence over the population by their fears that their bishops might transfer them to the Reich, and suggestions were made that an Apostolic Delegation should be appointed for the Saar during the time of the plebiscite. The Vatican, however, contented itself with sending an 'observer' to the Territory in the person of Mgr. Testa, who had carried out a similar mission in the Rhineland during the Separatist troubles of 1923. He remained in the Saar till August 1934, when he was succeeded by Mgr. Panico. Both observers maintained the strictest neutrality.

The political situation was made still more difficult by the arrival of refugees who had left Germany by way of the easily crossed frontier of the Saar. Many of these were on their way to other countries, but among the comparatively few who remained in the Territory<sup>1</sup> there were those who found it a convenient base of operations for anti-Nazi activities, and who were very ready to take part in the plebiscite campaign though they were not themselves qualified to vote.

Whether or not the German Government, the Saar Nazis and the leading 'réunionists' belonging to other parties had ever been seriously alarmed by the possibility of even so much as a large minority for the *status quo*, they certainly had recourse to a compromise between the method of encouraging the immediate Nazification of the country and that of influencing the voters by working through the existing parties. In May 1933 Herr Hitler declared that the Saar political parties were not to be dissolved at the same time as the parties to which they were affiliated in the Reich, and the single political organization which was established, in the autumn of that year, to carry on the campaign for reunion was not the Nazi Party but the Deutsche Front, a fusion of the small parties of the Right, the Nazis and the Centre Party. This latter at first stipulated that it should keep its identity within the framework of the new organization, but was persuaded to withdraw this reservation, and on the 13th October it agreed to dissolve itself. The Nazi Party, however, kept its separate existence, and its leader became the Landesführer or leader of the Deutsche Front.

By the late spring of 1934 the Deutsche Front was claimed to have

<sup>1</sup> The number of refugees at the beginning of 1934 may be estimated by the response to the Governing Commission's decree of the 7th February regarding political asylum. Not more than 646 persons reported to the Directorate of Internal Affairs, 579 of whom received identity cards, the other cases being referred back for further consideration. By the 31st October of that year the number of refugees was officially stated to have risen to 1,100.

455,174 members, about 93 per cent. of the voters living in the Territory. Its opponents, however, alleged that at least 30 per cent. of the voters were really in favour of the *status quo* and that the impressive demonstrations in favour of reunion and the overwhelming membership of the Deutsche Front were only kept up by an elaborate system of intimidation originated and still largely carried out by the Nazis themselves.<sup>1</sup> Each group of houses or flats was put under the supervision of a Nazi 'Blockwarte' whose business it was to preserve his neighbours from 'dangerous thoughts' and to see that they were not behindhand in such matters as hanging out flags or contributing to the Winter Relief Fund, while employers and landlords who were not themselves active members of the Deutsche Front were forced to use their influence with their tenants and workpeople on its behalf. Even the most peaceful methods of persuasion employed were of a kind to convince voters that the inevitable triumph of the Deutsche Front would be followed up by reprisals against its opponents. Partisans of the *status quo* also complained that they were hindered in every possible way from taking part in the plebiscite campaign; that it was almost impossible to hire a hall for an anti-Nazi meeting, and that such meetings were often broken up and any one attending them was liable to be blacklisted. Further they alleged that the Nazis kept up a boycott of their press by intimidating subscribers and newspaper sellers and by making local authorities and commercial firms withdraw their notices and advertisements. They also considered that their lives and property were endangered by the threats and insults hurled at them both at home and in the Reich, in broadcast speeches and in the gigantic open-air demonstrations that were being held just across the frontier. It was alleged that attempts had been made to assassinate Herr Max Braun, leader of the Saar Social Democratic Party and of the Freiheitsfront, and several of his supporters who ventured across the frontier were in fact imprisoned, while others were kidnapped in the Territory itself. At Homburg on the 22nd July, 1933, three persons, two of whom

<sup>1</sup> Full details of this system of intimidation are given in petitions addressed to the League Council by the Social Democratic Party of the Saar and the Saarländische Freiheitsfront on the 16th September, 1933, and the 6th January, 1934, and in a report from the Chairman of the Governing Commission of the 6th November, 1934. (Text in *League of Nations Official Journal*, January 1934, pp. 53-6, March 1934, pp. 325-34, and December 1934, pp. 1645-60). Petitions were also submitted by the Deutsche Front and other 'reunionist' organizations (see, for instance, *League of Nations Official Journal*, March 1934, pp. 302-25; and October 1934, pp. 1217-27). It should, of course, be remembered that either side drew up its petitions with an eye to their propaganda value.

were naturalized French citizens, were carried off in this way, and in spite of protests from the Governing Commission they were not released until the 7th August—and this only after representations had been made by the French Ambassador in Berlin.

Since it was an article of faith with the Deutsche Front that the inhabitants of the Saar would be unanimously in favour of reunion with Germany if they were not misled by a handful of emigrants and Separatists whose treasonable practices ought to be put down forthwith, there could be no common ground between its point of view and that of the Governing Commission as it was defined in an ordinance of the 18th July, 1933.<sup>1</sup> This ordinance stated that 'any political activity . . . directed, within the limits laid down by law, to the promotion of one or other of the solutions provided for in the Treaty of Peace' was 'permitted to all alike and' was 'placed under the protection of the public authorities. . . . Recourse to inadmissible weapons such as incitements to boycotting or ostracism, defamation, and, above all, threats' could not be allowed.

The Commission therefore continued to take measures for the preservation of order and of freedom of opinion which culminated in the enactment of a drastic series of decrees on the 28th November, 1933. By that time the wearing of political uniforms and badges, and also their sale, as well as all drilling and marching of a military character, except with official permission, were forbidden, while six days' notice had to be given of all public meetings and demonstrations, and these might if necessary be broken up by the authorities. A permit was required for any person entering the Saar who intended to take part in a meeting, or to carry on political or trade union activities as a delegate of a foreign organization. Political associations in the Saar were not to render themselves subject to the decisions of foreign organizations, 'no person might be concerned in their management who' was 'a member of a foreign Government organ, or who' discharged 'public duties outside the Territory', and their publications were not to have 'an official character . . . or the form of regulations', since they could not 'be allowed to encroach in any manner on the functions of the legitimate authorities'.<sup>2</sup> This last prohibition was definitely aimed at the Deutsche Front, whose elaborate organization gave the impression of a *de facto* administration ready to supplant the legal government of the Territory. The Governing Commission also considered it advisable to dissolve the Nazi winter relief organization, the Notring, for misappropriation

<sup>1</sup> Text in *League of Nations Official Journal*, October 1933, pp. 1138-9.

<sup>2</sup> *League of Nations Official Journal*, April 1934, pp. 397-8.

of funds subscribed for charity; and newspapers belonging to the *gleichgeschaltet* press were continually being suspended, though it may be remarked that the anti-Nazi papers did not always escape this fate. It was therefore natural that the Deutsche Front should accuse the Governing Commission, and in particular its Chairman, Mr. Knox, of showing favour to Marxists and Separatists; but, as at the same time the supporters of the *status quo* party were complaining that they did not get enough protection, it may be inferred that the Governing Commission was reasonably impartial. The same could not be said of the local administration. The Governing Commission had carried out the principles laid down in the Saar Statute in such a way that all local government remained entirely in the hands of the Saar Germans themselves. It was hardly to be expected, therefore, that the local authorities should not take sides during the plebiscite campaign.

The Commission's task was not made easier by the attitude of its own officials. These for the most part belonged to that nationalistic middle class which had always been attracted by National Socialism, but some of them were afraid of losing their posts after the change of régime, either because they were suspected of disloyalty in the past or because they would be affected by the German Civil Service Law of the 7th April, 1933. The question of their future treatment had, it was true, been discussed on the 28th May, 1933, by the League Council, which adopted a resolution affirming the principle that the rights of Saar officials would in all circumstances be safeguarded and promising to work out detailed proposals for the application of this principle based on any agreements which might be concluded between the Governing Commission and the Governments concerned. These proposals would include the fixing of pecuniary compensation for those officials who could not be taken over by the successor Governments. But though this resolution had been accepted by the German representative on the Council it was not certain how far his Government would be guided by its principles when the time came, and it was thus obviously to the Saar officials' advantage to ingratiate themselves with that Government. Moreover, every effort was made to persuade them that the interests of Germany came before those of the Governing Commission, and that it might even in some cases be their patriotic duty to act as spies and informers for the benefit of the Nazi Party and the police authorities in the Reich.<sup>1</sup> There was

<sup>1</sup> One of the instances of this quoted by the Governing Commission is that of a railway official who claimed to have denounced several suspects, and to have collected evidence against another by 'misappropriating' his brief case.

also a marked contrast between the methods of administering justice in the Supreme Court at Saarlouis, where the judges were not natives of the Territory, and in the local courts, where Social Democrats and Communists might expect severe punishment for any breach of the peace, while Nazis were likely to be let off easily.<sup>1</sup>

One of the most dangerous features of the situation was the weakness and unreliability of the police force. Besides the municipal police there were only about 1,000 gendarmes to maintain order among nearly 800,000 people, and scarcely 100 of these gendarmes would be available if an emergency arose in any one place. As in the case of the civil servants, many of the police sympathized with the Nazis or were actually members of the party, and it was alleged that they were not very ready to protect those whom they regarded as political enemies, while in the event of serious trouble they could not be relied on at all. In the autumn of 1933, after an unsuccessful attempt to engage neutral police for work in the criminal investigation department, the Governing Commission appointed four German police officers who had lost their posts in consequence of the Civil Service Law and who had then come to the Saar to look for work, and not (as was afterwards alleged) to escape legal proceedings in their own country. Several more appointments of the kind were made during the next few months. This aroused great indignation among the Saar Nazis, and on the 27th February, 1934, the German Government sent a note of protest to the Governing Commission requesting that it should not only dismiss all political refugees from its service, but should also expel them from the Territory, since it was not able to restrain their anti-German activities. Replying to this communication on the 28th March, the Commission described the measures which it had already taken for the control of refugees, and asserted that it could not forbid them to stay in the Territory without infringing the resolution on assistance to refugees which had been adopted by the League Assembly on the 11th October, 1933. The Commission took the opportunity to make an energetic protest against various forms of German interference in the affairs of the Saar, such as the broadcasting of speeches attacking the existing administration, the illegal arrest and detention of Saar inhabitants and the seizure of the property held by Saar trade unions in Germany.<sup>2</sup>

About this time, however, some attempt to relieve the existing

<sup>1</sup> The Governing Commission's report for January-March 1934 contained a special report on this subject by the French member, Monsieur Morize, proposing that neutral judges should be appointed to deal with all political cases. (See *League of Nations Official Journal*, May 1934, pp. 450-5).

<sup>2</sup> Text of this correspondence in *op. cit.*, pp. 459-61.

state of tension was made by responsible leaders, both in the Saar and in the Reich, who were anxious to avoid any provocation which might result in the postponement of the plebiscite or in the policing of the Territory by an international force. On the 10th February, Herr Hess stated on behalf of the Chancellor of the Reich that Saar Nazis would not be automatically entitled to become members of the party in the Reich and would be definitely excluded if they had threatened any one with reprisals after the plebiscite. Membership would, however, be open to all Germans of any class, party or religion who had voted for the reunion of the Saar. A manifesto to the same effect was issued on the 3rd March when the Nazi party machine in the Saar was taken over *en bloc* by the Deutsche Front and the leader of both organizations, Herr Spaniol, was transferred to a post in the Reich. His successor, Herr Pirro, was a more experienced man and a Catholic, and was thus likely to get on better with those Deutsche Front members who had not originally been Nazis. The reorganized Deutsche Front expressly stated that strict discipline would be maintained and all forms of canvassing and intimidation forbidden, and that any member who got into trouble with the police would be expelled for 'sabotage'. These threats seem to have been carried out in some cases, but the opposition parties took the view that assurances of this kind were no real guarantee against future reprisals, and that in any case the Nazis were still terrorizing the population with the connivance of the police and with the assistance of the Ordnungsdienst, an organization whose ostensible purpose was the maintenance of discipline within the party itself.

As yet, however, there had been no large-scale disturbances in the Saar, and the local quarrels, in which two Nazis had so far lost their lives, did not compare with the feuds between extremist parties in the Reich before the Nazi Revolution. This may have been due to the restrictions imposed by the Commission, and in particular to the ban on provocative uniforms and demonstrations. The Deutsche Front, on the other hand, claimed the credit for its own system of discipline and for the self-control and forbearance shown by the population under the alleged tyranny of Mr. Knox. But if the Saarlanders were law-abiding by nature they were also secretive, and an unknown number of them were active members of an organization which remained, in spite of all prohibitions, under the effective control of the National Socialist Party in the Reich. The doings of that party, both at home and abroad, and especially in Austria, were not a reassuring index of the possible course of events in the Saar, and if

trouble arose from the irresponsible action of extremists on either side of the frontier the Reich Government would be directly involved, with possibly disastrous effects on international relations. The Governing Commission, at any rate, took an increasingly grave view of the situation. In a special report of the 30th April<sup>1</sup> Mr. Knox warned the League Council of rumours that either the Nazis or the Communists were getting ready for a *Putsch*, and on the 12th May<sup>2</sup> he drew the Council's attention to the violent attacks on the political refugees and the Governing Commission which Dr. Goebbels had just made in a speech at Zweibrücken on the 6th of that month.

The League Council had already been considering the question of making preparations for the Saar plebiscite at its session in January 1934—but this without the collaboration of any representative of the German Government, which had given notice of withdrawal from the League of Nations in the previous October. Acting on a suggestion made by the French representative, Monsieur Massigli, the Council informed the German Government that the Saar plebiscite would shortly be under discussion, but this indirect form of invitation was not accepted. As certain delegations, among whom were the British, were afraid of the disturbing effects of undue publicity, not only on the Saar question but also on the disarmament negotiations that were being carried on at the same time, the question was dealt with at first by means of conversations and private meetings of the Council. A public session was, however, held on the 20th January,<sup>3</sup> when the Council adopted a report and resolutions drafted by Baron Aloisi as *rapporteur*. These affirmed the League's intention of securing freedom, secrecy and trustworthiness of voting and appointed a Committee of Three to study measures for preventing intimidation and ensuring the regularity of the electoral proceedings, together with any suggestions that might be submitted by the Governing Commission regarding the maintenance of order. Baron Aloisi became Chairman of the Committee, its other members being the representatives of Argentina and of Spain, Señor Cantilo and Señor de Madariaga (who was afterwards replaced by Señor Lopez Oliván). Throughout its proceedings the Committee was able to secure the co-operation of the French and German Governments, while in technical matters it was assisted by a sub-committee of jurists and by a committee of experts on plebiscite legislation.

<sup>1</sup> *League of Nations Official Journal*, May 1934, pp. 455–6.

<sup>2</sup> *Op. cit.*, pp. 458–9.

<sup>3</sup> *League of Nations Official Journal*, February 1934, p. 161. The declaration of policy made by Monsieur Paul-Boncour on this occasion is referred to on p. 592, above.



In the preliminary report<sup>1</sup> which it submitted to the Council on the 15th May the Committee took the view that 'in accordance with the Treaty of Versailles the functions of government in the Saar . . . must be exercised even during the plebiscite period by the Governing Commission'. It also, however, proposed the appointment of two new administrative organizations, a Plebiscite Commission and a Plebiscite Tribunal, both consisting of persons 'chosen from outside the Saar Territory and not belonging to either of the interested countries'.<sup>2</sup> The second part of the report dealt mainly with electoral procedure. The Committee held that all persons should be entitled to vote who, on the 28th June, 1919, 'were residing at a specific place in the Saar Territory . . . under conditions indicating that their residence was voluntary and permanent'. This would exclude such persons as temporary officials, the troops of occupation and persons accompanying them. On the other hand, persons would not be disqualified who had been temporarily absent on the 28th June, 1919, or who had moved out of the Territory since then. The Committee laid down some general principles with regard to voting areas and the method of counting votes, while reserving the right to make detailed recommendations later,<sup>3</sup> and it suggested that the costs of the plebiscite should be paid by 'the state or states to which the Government of the Territory reverted . . . on the basis of an equitable apportionment if circumstances' should 'so require. Should the existing régime be maintained the obligation would devolve upon the Territory itself.'

The Committee could, however, contribute no definite proposals to the negotiations which were about to take place during the seventy-ninth session of the League Council regarding guarantees against reprisals and the maintenance of order, though it had already been considering a report<sup>4</sup> from the Governing Commission on the inadequacy of the Saar gendarmerie and police. This report stated that a mobile force of at least 2,000 men would be necessary during the plebiscite period and suggested that these reinforcements should be recruited from 'neutral' countries. A suggestion of this kind naturally aroused great opposition in Germany, and none of the 'neutral' countries consulted by the Committee had as yet been willing to provide any part of the force.

More progress was made with the question of guarantees against reprisals, which formed the subject of conversations 'on the fringe'

<sup>1</sup> *League of Nations Official Journal*, June 1934, pp. 644-6.

<sup>2</sup> For a more detailed account of these organizations see p. 604, below.

<sup>3</sup> See *loc. cit.*, below.

<sup>4</sup> Text in *League of Nations Official Journal*, September 1934, pp. 1141-6.

of the Council during the last half of May and also of formal negotiations between Baron Aloisi, Monsieur Massigli, and the German Consul-General at Geneva. There was at first some difficulty in reconciling the German request that the date of voting should be fixed without further delay with the French claim that measures must first be taken to ensure the security of all the inhabitants, whether qualified to vote or not, since many of those who had settled in the Saar since 1919 were anti-Nazis or Separatists who were in special need of protection.

An agreement was, however, concluded on the 1st and 2nd June in the form of an exchange of letters<sup>1</sup> between the French and German Governments and Baron Aloisi. Both Governments undertook to abstain from pressure, 'whether direct or indirect, likely to affect the freedom and trustworthiness of the voting', and also 'from taking any proceedings or making any reprisals or discrimination against persons having the right to vote, as a result of their political attitude during the administration by the League of Nations'. They also promised 'to prevent or punish any action by their nationals contrary to these undertakings'. Any difference arising between either Government and a member of the League Council concerning the agreement was to be brought before the Hague Permanent Court of Arbitration without prejudice to the right of the League Council to see that these undertakings were carried out. The Supreme Plebiscite Tribunal was to be maintained for one year after the 'establishment of the final régime', and any voter might bring before it 'a complaint in respect of pressure, prosecution, reprisals or discrimination'. Such complaints 'must relate to an act performed in the Saar Territory or to a decision by the authorities in that Territory or in the territorial areas to which part of the said Territory might 'be attached'. The Tribunal might order 'any appropriate reparation', and 'no decision, even of a judicial nature, given under the foregoing conditions', might prevail against its own decisions. Any voter against whom proceedings were taken outside the Territory might appeal to the Tribunal, in which case the proceedings were to be suspended pending its decision, and definitely abandoned if it pronounced them 'contrary to the undertakings given in the present declaration'.

It might, however, be doubted whether these elaborate safeguards would have all the effect that was claimed for them, since many of those who disliked National Socialism strongly enough to vote for the *status quo* would in any case be liable to persecution if the Saar returned to Germany. Moreover, there was still no protection for non-

<sup>1</sup> Text in *League of Nations Official Journal*, June 1934, pp. 651-3.

voters. The Committee of Three drew attention to this omission in its final report<sup>1</sup> to the League Council and proposed that the Council should adopt a resolution taking note of the declarations of the 1st June, insisting that their fulfilment was 'an essential condition of the plebiscite', but reserving the right to examine the conditions under which the benefit of these undertakings could be extended to non-voters. In the same report it was suggested that the proposed resolution of the Council should fix Sunday, the 13th January, 1935, as the date of the voting and thus allay German fears of a postponement of the plebiscite.

The Committee then went on to make detailed suggestions for the carrying out of the plebiscite, including the first two parts and penal provisions of draft regulations<sup>2</sup> prepared on the advice of the Committee of Experts. It was suggested that voting should take place by unions of communes (*Bürgermeistereien*) or by single communes which did not form part of an existing union, and votes cast in each district were to be added up separately.<sup>3</sup> The Council was invited to adopt a resolution approving these regulations and establishing the Plebiscite Commission and Tribunal, for which a definite constitution was now drawn up. The Plebiscite Commission was to consist of three members and a technical adviser, all of whom were to be appointed by and responsible to the League Council. It was to have powers of organization, direction and supervision in regard to the plebiscite, and was also to have the right to prepare for submission to the Council, or in urgent cases to its Committee of Three, all ordinances and provisions relating to the plebiscite and not coming within its prescribed functions. The Supreme Plebiscite Tribunal was to consist of a president, two members and two deputies. This tribunal and its eight subsidiary tribunals were to have jurisdiction in the following matters: (1) disputes concerning entries in the registers of persons entitled to vote and the validity of the voting; (2) offences covered by the plebiscite regulations; (3) offences against the ordinary criminal law in so far as they were connected with the purpose of the plebiscite. The Committee also put forward a resolution authorizing the Governing Commission to increase the police and gendarmerie forces, and stating that, though these reinforcements should as far as was possible be recruited from among the inhabitants of the Territory, the Council, through its Committee of Three, would lend

<sup>1</sup> Text in *League of Nations Official Journal*, June 1934, pp. 647-50.

<sup>2</sup> Text in *op. cit.*, pp. 669-81.

<sup>3</sup> The importance of these provisions lay in their bearing on a possible partition of the Territory.

full support to the Governing Commission if the latter found it necessary to recruit outside the Territory. The Committee also proposed 'that the Council should approach the states members of the League with a view to facilitating any such requests on the part of the Governing Commission'. With regard to the costs of the plebiscite it was suggested that the Governing Commission should contribute 1,000,000 French francs and provide free office accommodation and railway transport, while the French and German Governments should each advance 5,000,000 French francs and make a further advance, if necessary, but that the Council should reserve its final decision on the subject till a later date.

This report and the resolutions which it contained were adopted by the Council on the 4th June. In the course of the discussion<sup>1</sup> Monsieur Barthou stated that the French Government had never thought of postponing the plebiscite but that they had considered it necessary to guarantee the security of all the inhabitants before the date was actually fixed. There was no question of the Council's right or of the extent of its responsibility with regard to the extension of these guarantees to non-voters. He also claimed that, even after the Plebiscite Tribunal had ceased to exist, 'and without any time limit', the inhabitants 'would be able to exercise a right of petition based on legal rulings so well established that it had been thought unnecessary to reaffirm it in a text. That right would enable them to appeal to the members of the Council, who in their turn retained their power to bring such grievances before an international authority.'

The Council appointed Monsieur Victor Henry, Monsieur Daniel de Jongh and Monsieur A. E. Rohde, nationals respectively of Switzerland, the Netherlands and Sweden, to act as members of the Plebiscite Commission, and Miss Sarah Wambaugh as its technical adviser. The first task of the Commission, which took up its duties on the 1st July, was to set up electoral machinery which should be as free as possible from undue political influence. The eight district bureaux which were to supervise the main administrative divisions of the Territory were staffed by neutral officials; and the communal committees, whose duty it was to compile voting registers in the eighty-three electoral districts, were grouped in such a way that a neutral chairman might preside over each of them in turn. The members of these committees were, however, local people appointed by the Commission on the recommendation of local officials. The Commission tried not to appoint people who had taken an active part in the political struggle, and it was satisfied that the technical

<sup>1</sup> See *League of Nations Official Journal*, June 1934, pp. 653-6.

work of these committees had been 'correctly and conscientiously performed'.<sup>1</sup> The anti-Nazis, however, took the view that the registers would certainly be inaccurate, as so many committee members belonged to the Deutsche Front. During the month allowed for sending in objections to the provisional voting lists which were issued on the 26th September, claims were submitted regarding no fewer than 107,145 registered voters out of a total of 476,946 in the Territory and 55,794 abroad, and, of these claims, 53,447 or 49.9 per cent. were allowed by the district bureaux. As a result of this, 18,540 names were added to the lists and 7,217 names were removed from them, while 28,210 other corrections were made.<sup>2</sup> The Plebiscite Commission also thought it advisable to draw the attention of the League Council to attempts on the part of the German Government to put pressure on voters living in the Reich. A proclamation of the 3rd May had ordered all such persons to register with the authorities, and detailed instructions which were issued on the 14th July for private circulation in governmental circles went so far as to recommend that voters should be advised to give the office of the Deutsche Front as their address in the Saar and should 'be looked after until the plebiscite by agents of the Federation of Saar Associations'.

The agreement of the 1st and 2nd June and the subsequent resolution of the League Council of the 4th June did not bring about a lasting improvement in the situation. Even while the agreement was being negotiated there were anti-French demonstrations at Saarlouis, in consequence of which the Governing Commission deprived the Mayor of the control of the municipal police. On the 19th July the Governing Commission ordered a search of various premises, including those of the Deutsche Front, which were raided again on the 24th. On that day one of the political refugees in the Commission's service, Police Commissioner Machts, had been shot at but had escaped uninjured. His assailant was disowned by the Deutsche Front, from which he had resigned the day before, and which accused him, by turns, of being a lunatic, an ex-Communist or an *agent provocateur*. Documents seized during these raids were quoted by Mr. Knox in special communications which he addressed to the League Council on the 3rd and 17th August and the 6th November,<sup>3</sup> as evidence that the

<sup>1</sup> *League of Nations Official Journal*, December 1934, p. 1663. For the steps taken by the League Council in 1922-3 to collect the information on which these registers were based see the *Survey for 1920-3*, p. 81.

<sup>2</sup> *League of Nations Official Journal*, December 1934, pp. 1660, 1671.

<sup>3</sup> Text of these communications in *League of Nations Official Journal*, September 1934, pp. 1140-1; October 1934, pp. 1188-1200; and December 1934, pp. 1645-60.

Deutsche Front was nothing but a continuation of the former Nazi Party; that it still exerted pressure on the population; that it worked in collusion with officials in the service both of the Saar Government and of the Reich Government and Nazi Party; and that there were serious grounds for suspicion as to the activities of the Ordnungsdienst, of the prohibited S.A. formations and of an extremist organization called the Eiserne Brigade Spaniol and led by the former chief of the Deutsche Front. Mr. Knox's report of the 17th August also commented on documents relating to the voluntary labour service department of the Deutsche Front containing proposals that about 10,000 Saar Germans should be enrolled in the Reich Labour Service, and should be stationed outside the demilitarized zone, beyond the regular period of training, until the time of the plebiscite. They were to undergo special training similar to that of the S.A. and S.S. and including 'defensive sport'. Evidence was produced that the number of these volunteers had risen to 16,000 and that their loyalty was ensured by a system of threats and spying. In consequence of these discoveries the Governing Commission forbade Saar Germans to enlist in the labour service, and ordered all those who had served in it, together with members of the former S.A. and S.S., to report to the police. As the Commission considered it more than ever desirable to strengthen its police force and could not find enough suitable recruits in the Territory who did not belong to some partisan group, in its communication of the 3rd August it requested the President of the League Council to approach the states members of the League in order to facilitate a request on its part for individual recruiting among their nationals. Four Governments replied favourably to a circular letter on this subject from the President of the Council, but when recruiting ceased on the 12th December only about 100 constables and 20 officers had been appointed, while 236 constables had been recruited in the Saar itself.

Meanwhile the French Government had continued their study of the questions raised by the liquidation of the existing régime in the Saar, and on the 31st August Monsieur Barthou presented an *aide-mémoire*<sup>1</sup> to the League Council urging that during its coming session it should examine these questions and should whenever possible adopt 'solutions of principle' keeping in view all three alternatives. This would make the transition period easier and the plebiscite itself more trustworthy, since the Saarlanders would no longer be in doubt as to the consequences of their votes. It was particularly desirable that the régime to be established if the Territory came under the

<sup>1</sup> Text in *League of Nations Official Journal*, October 1934, pp. 1185-7.

sovereignty of the League should be clearly defined, and that it should 'give a large place to the co-operation' of the inhabitants and be capable of modification in the future. Decisions would have to be taken regarding nationality and the right of option, and guarantees extended to all the inhabitants in respect of their past political attitude. The French Government were prepared to declare 'that in the event of the whole or part of the Saar Basin being united to France', all the inhabitants 'would receive full and complete protection for their lives and liberty and' would 'enjoy the same civil and political rights as all French nationals without' distinction 'of language, race or religion'. They considered that a clause of this nature should be included in the decision to be adopted by the Council. A mixed arbitral tribunal should be established for fifteen years in order to safeguard existing economic and financial rights, and negotiations should be opened regarding the settlement of foreign debts in the event of the Saar coming under the German system of exchange control. The French Government were prepared 'to surrender a large part of the [coal] deposits on equitable terms' to the Territory if it were placed under the sovereignty of the League, but if it were reunited with Germany they would not abandon their claim to repayment at a price payable in gold. They proposed that a direct agreement should be reached on this point, under the auspices of the Council, and before the date of the plebiscite.

Monsieur Barthou referred to this *aide-mémoire* during a discussion of the work of the Committee of Three by the League Council on the 8th September. He made it clear that his Government 'would accept the results of the plebiscite whatever they might be', but could renounce none of the alternative solutions, and that they desired above all that a free vote should take place and that 'those conditions which were stipulated in the Treaty of Versailles and had been defined by the Council . . . should be generally observed'. He added that 'the French Government' were 'engaging in no noisy demonstrations'. They relied 'on the law enshrined in the Treaty'.<sup>1</sup> The French *aide-mémoire* and Monsieur Barthou's comments on it were strongly criticized in Germany. The proposal for the discussion of technical questions such as the repurchase of the mines was considered harmless, though unnecessary, but some of the other proposals were interpreted as being invidious propaganda for the *status quo*, since it was denied that the treaty made any provision for the democratic constitution or the second plebiscite hinted at by Monsieur Barthou. Moreover, the German Government could not accept

<sup>1</sup> *League of Nations Official Journal*, November 1934, pp. 1390-1.

safeguards which would exempt the Saar from laws in force elsewhere in the Reich.

The questions raised by the French *aide-mémoire* were referred back by the Council to the Committee of Three, which lost no time in getting into touch with the Governments concerned. On the 27th October, however, when the question was next discussed by the Council, Monsieur Barthou not only repeated his demand for the definition of the *status quo* régime but also made allusions to the necessity of maintaining order. He stated that in consequence of 'the exceptional interest taken by the French Government in this question . . . and on the basis of the resolutions adopted by the Council in 1925 and 1926<sup>1</sup> France might be called upon to assume special responsibilities. She did not repudiate these responsibilities and she would not evade them if an appeal were made to her, but she' was 'extremely anxious for the avoidance of any menace which might require her intervention.'<sup>2</sup>

This speech, as might be expected, was even more unfavourably received in Germany than Monsieur Barthou's former declarations. It was maintained that the Governing Commission's right to call in French troops had lapsed on the withdrawal of the railway defence force in 1930.<sup>3</sup> In any case it was unthinkable that Germany would wish to seize a territory which would return to her of its own free will in a few months, so that the only danger came from the Separatists and Communists. It was even alleged that the French would take advantage of the slightest provocation in order to exercise an unfair influence over the voting by occupying or threatening to occupy the Territory, and that any intervention of this kind would be contrary both to the provisions of the treaty and to the spirit of the plebiscite.

The alarm and resentment felt in Germany were increased by Press reports of the 30th October that the French Government had issued instructions to the General in command of the troops on the Saar border as to measures to be taken in the event of disturbances, and that the French Ambassador in London had informed Sir John Simon of these preparations. These feelings were not allayed by a French official statement that the troops would only be used for police purposes in order to fulfil the international obligations arising from the League Council decisions of 1925 and 1926, and in response to a formal request from the Governing Commission. The German

<sup>1</sup> See pp. 587, 588, above.

<sup>2</sup> *League of Nations Official Journal*, November 1934, p. 1462.

<sup>3</sup> See p. 588, above.



Press, however, continued to assert that a French intervention would be comparable to the invasion of the Ruhr, that it would constitute an act of aggression, according to the definition approved by France herself in May 1933,<sup>1</sup> and that it would infringe the Treaty of Locarno. It was suggested that in that case Great Britain and Italy could not support French action consistently with their obligations under that pact.<sup>2</sup> The German Government, for their part, made renewed statements on the desirability of maintaining order in the Saar, and at the same time took steps to prevent irresponsible action by their supporters. On the 2nd November the Plenipotentiary for the Saar, Herr Bürckel, forbade members of the S.A. and S.S. to appear in uniform or to hold meetings or parades within twenty-five miles of the frontier between the 10th January and 10th February, 1935, and ordered them to show by their discipline that there was no need for foreign intervention. In the Saar itself all Deutsche Front newspapers published on the 5th November an order from Herr Pirro demanding rigid obedience from all his followers. The peaceful intentions of the German Government were reaffirmed in an interview given to two representatives of French ex-service men's organizations, Messieurs Goy and Monnier, by Herr Hitler, who was reported to have declared that Germany would accept the result of the plebiscite whatever it might be.<sup>3</sup>

The conflict of views over the alleged French right of intervention still, however, remained unsettled, although Monsieur Laval<sup>4</sup> was able to assure the German Ambassador, on the 6th November, that no troop movements had actually been carried out, and received in turn assurances that the German Government had no intention of interfering with the freedom of voting. The German Government had already decided to instruct their representatives in Paris, London, Rome and Brussels to convey to the Governments of the states signatories of the Treaty of Locarno the German view of the plebiscite question, especially as regards possible intervention. These representations were made verbally on the 8th and 9th November.

<sup>1</sup> See the *Survey for 1933*, pp. 278, 282.

<sup>2</sup> In France, however, there was some support for the view that the Locarno Treaty would not apply in this particular case, as the Saar was alleged not to be under German sovereignty and as the French troops would have the status of an international force approved by the League Council. (See *Le Temps*, 10th November, 1934.)

<sup>3</sup> *Le Matin*, 18th November, 1934.

<sup>4</sup> Monsieur Laval had become Minister for Foreign Affairs on the 13th October, after the death of Monsieur Barthou on the 9th of that month, and he continued to hold that office in the Cabinet of Monsieur Flandin which succeeded that of Monsieur Doumergue on the 8th November.

The British Government, who had been keeping themselves informed of all these developments by inquiries through the French and German Ambassadors in London, had from the first let it be known that their attitude towards the plebiscite was that of a returning officer. As signatories of the Treaty of Versailles they desired that the plebiscite should be held fairly, but they were satisfied that the League of Nations was taking adequate precautions. Though they regarded 'the French attitude as an entirely proper one', they were 'not of opinion that the contingency feared by the French Government' was 'likely to arise. . . . They' did 'not therefore propose at present to take any special action in the matter.'<sup>1</sup> It was denied that the French Government had asked that British troops should be sent into the Saar, and Sir John Simon stated in the House of Commons at Westminster on the 5th November 'that there never' had 'been any question of the use of British troops, and that nothing of the sort' was contemplated on the part of his Government, as the Saar Governing Commission was successfully maintaining order at present and considered itself entitled in case of necessity to call upon troops stationed near its frontiers for that purpose. A statement to the same effect was made by Mr. Eden in answer to a parliamentary question on the 15th November. In the House of Lords on the same day Lord Marley and Lord Davies urged the Government to send troops to the Saar, or at least to declare their willingness to do so if necessary. The Under-Secretary of State for Foreign Affairs, Lord Stanhope, had, however, nothing to add to the statements of policy already made. In answer to a question from Lord Marley as to the definition of the *status quo* régime, Lord Stanhope insisted that this was a matter for the League Council alone. It was not proposed to instruct the British representative at the forthcoming Council session to suggest that provision should be made for a second plebiscite, since it would be most unsuitable for Great Britain to make any implied forecast at this stage as to the result of the voting.

Meanwhile, however, Monsieur Laval was pursuing a definitely conciliatory policy, in consonance with his desire to bring about a general reconciliation between France and Germany. He set forth this policy on the 15th and 16th November at a Cabinet Council and before the Foreign Affairs Committees of the Chamber of Deputies and the Senate. Though he reaffirmed the main features of French policy with regard to the Saar, he laid stress alike on the non-aggressive and precautionary character of the measures already taken and on the international nature of the problem. He expressed the hope

<sup>1</sup> *The Times*, 2nd November, 1934.

that the Governing Commission would be provided with an adequate international police force before the plebiscite, so that it would not be necessary for France to take upon herself the charge of maintaining order. It was also understood that the French Government would as far as possible make use of police and gendarmerie in place of troops, and that they did not mean to ask the Council to confirm its decisions of 1925 and 1926. Speaking in the Chamber of Deputies on the 30th November Monsieur Laval definitely invited other countries to assist France in maintaining international order and hoped that it might be possible to achieve close co-operation between France and Great Britain on a collective basis and within the framework of the League Covenant.

At the League Council meeting of the 5th December Monsieur Laval, after repeating the substance of his previous declarations, asked the Council itself to

assume the responsibility which the French Government [were] and would always be willing to assume. He asked it to decide that the duty of maintaining order should be entrusted to international contingents . . . France would willingly agree not to send a contingent, on the understanding, of course, that Germany would send none.

This suggestion met with an unexpected response from the British representative. Mr. Eden declared that

if the Council decided . . . that it was desirable for an international force to be stationed in the Saar . . . and if the United Kingdom were invited to co-operate in that matter, then, provided other countries . . . were prepared to make a contribution and on condition that both France and Germany assented to the arrangement, His Majesty's Government would also be prepared to supply a suitable proportion of such an international force. His Majesty's Government had authorized him to make the present statement because of [their] wish to make a positive contribution to the discharge of the responsibility which all those present shared as members of the League of Nations.

This suggestion was favourably received by the representatives of Italy and of Czechoslovakia, and also by Monsieur Litvinov. The latter, however, felt obliged to consult his Government before accepting the invitation. After Mr. Knox had duly stated that, though the Governing Commission could not guarantee the maintenance of order with the means at present at its disposal, it would be prepared to do so if an international force were stationed in the Saar, the Council decided to ask the Committee of Three to present concrete proposals on the subject of such a force.

In adopting this new policy, which formed such a welcome and surprising contrast to their previous attitude, the British Government

may have been influenced by Mr. Knox's warnings or by the conciliatory policy of Monsieur Laval and the German Government's declared intention of maintaining discipline among their supporters; or their action may, on the other hand, have been prompted by a growing consciousness that Great Britain could no longer remain isolated from the problems of Europe. In any case, it was well received, both in the House of Commons, where Sir John Simon made a full statement on the 6th December, and by public opinion, except in so far as this was represented by the isolationist Press. It was reported<sup>1</sup> that the decision had been taken at a regular meeting of the Cabinet some time before, when the British Government had unanimously agreed to authorize Mr. Eden to make a definite proposal if he thought it advisable. After an interview with Mr. Knox at Geneva he realized how urgent the situation was, and obtained the final consent of his Government. Before the meeting of the 5th December, the British Government had already been in communication with certain of the interested Powers, and conversations had taken place 'on the fringe' of the Council, while the British proposal was definitely put forward at the private meeting preceding the public meeting at which the Council's attitude was generally made known.

Replying to an invitation from the Committee of Three to make known their views on the question, the German Government stated on the 6th December that, though conditions in the Saar 'did not appear to make the employment of foreign troops necessary', they desired 'to declare their agreement with any decisions of the Council to send . . . neutral international contingents'.<sup>2</sup> They also let it be known that they had received assurances from the British and Italian Governments that the troops of certain countries such as Russia and Czechoslovakia would not be employed, and also as to how long the troops were to stay. On the 8th December the League Council was thus able to adopt a resolution<sup>3</sup> inviting 'the Governments of the United Kingdom, Italy, the Netherlands and Sweden to take part in the establishment of an international force' and asking the Committee of Three to 'set up a sub-committee consisting of one representative of each of the countries invited and of the Chairman of the Governing Commission . . . to study . . . measures for the organization' of the force. All four Governments accepted the invitation of the Council which, by a resolution<sup>4</sup> of the 11th December,

<sup>1</sup> See *The Times*, 8th December, 1934.

<sup>2</sup> *League of Nations Official Journal*, December 1934, pp. 1729-30.

<sup>3</sup> *Op. cit.*, p. 1730.

<sup>4</sup> *Op. cit.*, pp. 1762-3. More detailed regulations were laid down in a report of the sub-committee of the 12th December (*op. cit.*, pp. 1841-2).

placed the force at the disposal of the Governing Commission and arranged that the costs of transport and costs of maintenance not already provided for in the budgets of the respective Governments should 'be charged to the fund for expenditure in connexion with the plebiscite'.<sup>1</sup> Any claims for pensions or compensation were to be met by the Government or Governments which acquired sovereignty over the Territory. It was subsequently decided that the force should have a British commanding officer, Major-General J. E. S. Brind, and that it should consist of the following contingents: Great Britain, 1,500; Italy, 1,300; Netherlands, 250; and Sweden, 250. The troops reached the Saar by the 22nd December and were quartered in various places throughout the Territory and allowed to move freely among the population.

During the same session at which it decided to send an international force to the Saar, the League Council also had to consider a report<sup>2</sup> from its Committee of Three on the questions raised by Monsieur Barthou's *aide-mémoire* of the 31st August. After a meeting on the 27th and 28th September the Committee had begun work on the 5th November at Rome, and direct negotiations had taken place under its auspices between French and German experts, with the assistance of a sub-committee of the League Financial Committee. It was not until the 3rd December that a Franco-German economic and financial agreement<sup>3</sup> had been concluded, while on the 2nd, 3rd and 4th December both Governments made declarations<sup>4</sup> guaranteeing additional protection to the inhabitants.

The most important clause of the economic agreement was Article 3, by which the French Government ceded 'its rights of ownership over the mines, railways, customs stations and other immovable property . . . against payment of a lump sum of 900,000,000 francs'. This payment was to be made 'by handing over 95 per cent. of the . . . Bank of France notes and other foreign means of payment circulating in the Saar', and 'by free deliveries of coal effected in accordance with an agreement to be concluded between the two Governments, the deliveries of coal being spread in such a way as to ensure full payment of the lump sum in five years'. The German Government agreed to pay in marks the sums due from the French Government or the French lessees for taxes, compensation or other liabilities incurred

<sup>1</sup> See pp. 603, 604, above.

<sup>2</sup> Text in *League of Nations Official Journal*, December 1934, pp. 1694-1700. This report and the Franco-German agreements appended to it are printed in full in *Documents on International Affairs*, 1934, pp. 36-55.

<sup>3</sup> Text in *League of Nations Official Journal*, December 1934, pp. 1703-5.

<sup>4</sup> Text in *op. cit.*, pp. 1701-3.

in the Territory, the equivalent in francs of such payments being deducted from the sum due from Germany. In addition, 'the dues derived from the Warndt leases' were to be 'paid to the French Treasury to the amount of an average of 2,200,000 tons per annum for five years'. This period might be extended if the lump sum payment had not been completed, unless it were determined by arbitration that the responsibility for non-payment did not rest with Germany. A special agreement would be concluded later on regarding the lease contracts and the conditions for handing over the mines, railways and customs stations, and the French Government accepted responsibility for surface damages noticed before the German Government took possession.

Provision was also made for the replacement of French notes and of foreign means of payment by German currency. Five per cent. of the sum thus recovered was to 'be assigned to the service of debts contracted . . . with the approval of the Governing Commission'. Commercial debts incurred before the change of régime for French goods delivered to the Saar were to be settled in francs at Paris and Saar commercial claims on Germany in marks at Berlin. Claims of the State Mines payable in the Saar and falling due after the change of régime were also to be settled in francs.

Both Governments expressed the hope that the League Council would make the intermediate period between its decision and the change of régime as short as possible and that during that period the German Government would 'afford effective assistance to the services of the Governing Commission within the framework of the provisions to be decided on by the Council'.

By an exchange of letters of the 2nd, 3rd and 4th December, similar to that of the 1st and 2nd June,<sup>1</sup> declarations were made extending the existing guarantees against reprisals to non-voters who had been domiciled in the territory for at least three years on the 13th January, 1935. This, of course, excluded all those who had only left Germany after the Nazis came into power, but they were to some extent safeguarded by another set of declarations of the same dates. These provided that any persons domiciled in the Saar at the date of the plebiscite 'would be given every facility to retain or sell their immovable property and to remove their movable property free of any charges', provided that they had given notice 'within six months of the establishment of the definitive régime of their intention to leave the Territory' and that they 'left it within one year from that date'. Such persons might be required to prove

<sup>1</sup> See p. 603, above.

their right of ownership over any objects or securities that they wished to take with them. For one year after the change of régime the inhabitants, whatever their nationality, were not to 'be subjected to any discrimination on account of their language, race or religion', and in this respect were to enjoy the same treatment and safeguards as were provided by existing legislation in the Territory. In the report which it submitted on the 5th December the Committee of Three drew the attention of the League Council to these declarations and remarked that the arbitration clause which they contained did not affect the Council's right to see that they were carried out. It would not be in accordance with the Treaty either to impose on the state to which all or part of the Territory 'was assigned, certain specific permanent obligations limiting the exercise of its sovereignty as regards the treatment of its inhabitants . . . or to make the union of the territory subject to the acceptance of such obligations'. Nevertheless the League of Nations could not escape the responsibility of ensuring that such changes as were inevitable were not carried out too abruptly.

With regard to the status of the Territory if the international régime were maintained, the Committee considered that before the plebiscite the Council could only give a definition in principle interpreting the legal position in the light of the Treaty. It was suggested that in this case the sovereignty over all or part of the Territory would be assigned to the League, whose duty it would be to 'take appropriate steps to adapt the régime definitively adopted to the permanent welfare of the Territory and the general interest'. Thus not only would it be possible and even desirable to modify the existing régime, but the League would have power in future 'to dispose of its sovereignty to such extent as might be compatible with the provisions of the Treaty and in conformity with the principles on the basis of which the sovereignty' had 'been conferred upon it'.

With regard to the question of nationality, if the *status quo* were maintained all German nationals domiciled in the Saar or possessing the status of inhabitants would *ipso facto* acquire Saar nationality to the exclusion of German nationality—retaining, however, the right of option. Other persons domiciled in the Saar who had been entitled to vote would also have the right to opt for Saar nationality. In the event of union with France the same procedure would be adopted as in cases of annexation, while reunion with Germany would involve no legal change of nationality.

After commenting on the economic agreement the report quoted statements made by the French and German Governments on the

2nd December with regard to social insurance. The Committee also put forward a draft resolution recommending, firstly, that if the Saar returned to Germany transfers representing foreign claims and capital investments should still be made (on the understanding that Germany's transfer position would not 'be aggravated, and that the legal effect of foreign contracts and obligations' would not be modified), and secondly, that the commercial settlements to be concluded would mitigate the consequences of abrupt changes in the economic relations of the Saar with other countries. It was also suggested that the Council should at once fix a minimum time limit of not less than one month for the transitional period before the change of régime took place.

Though the allusions of the Committee of Three to the questions of a democratic constitution and a second plebiscite were extremely vague and indirect, they did not leave the impression that such concessions were impossible. When the Committee's report was being discussed by the Council on the 6th December, 'Monsieur Laval pointedly referred to the 'identity of views' between the Committee's suggestions and his own statement on the 30th November to the effect that 'if the Saar population were one day to express the desire to be reintegrated in the German community, it would be for the Council of the League of Nations to take a decision'; and that 'when the time came France would raise no objections'.<sup>1</sup> Perhaps the most reasonable interpretation of the Council's position was that put forward by Monsieur Litvinov on the same occasion, namely that it would not only have power to delegate any sovereign rights it might acquire, '(provided that the nations chiefly concerned made no difficulties)', but would have no interest in retaining such rights except for the purpose of preserving international peace, and that it could not possibly deny the Saarlanders the right of self-determination.<sup>2</sup> National Socialist propaganda, however, claimed that the Committee's report had ruled out all possibility of modifying the existing régime, and that a vote against Hitler would be an irrevocable vote against Germany. If there was a majority for the *status quo* the Saarlanders would not only lose their German nationality but would still be treated as a subject race. Moreover, an independent Saar could never be a 'going concern' and must eventually be absorbed by France.

The failure to give a more precise definition of the *status quo* did, indeed, give the Nazis an excellent opportunity of combating the mis-

<sup>1</sup> *League of Nations Official Journal*, p. 1709.

<sup>2</sup> *Op. cit.*, p. 1710.



givings of some of their own supporters at recent developments both inside and outside the Reich, particularly as to the economic situation and as to such upheavals as the July revolt in Austria<sup>1</sup> and the 'clean-up' of the 30th June in the Reich.<sup>2</sup> Among those who were put to death on this latter occasion were two well-known Catholics, Dr. Klausener and Herr Probst. A Catholic Youth Associations Rally held at Saarbrücken on the 29th July, after a demonstration of loyalty to Germany, paid a tribute to the memory of Herr Probst, who had been the leader of the German Catholic youth movement. At the time it was considered even more significant that greetings were sent from the rally to the Pope and to President von Hindenburg, but not to Herr Hitler. Saar Catholics had also reason to be alarmed at the extreme views and violent methods of Herr Bürckel, the new Plenipotentiary for the Saar. By the autumn, however, relations between the Reich Catholics and their Government had become slightly easier, and on the 16th November the Bishops of Trier and Speyer forbade their clergy and any other German priests in the Saar to attend political meetings, write for the Press, or recommend political works from the pulpit. They also insisted on the 'moral duty of love for the German nation and loyalty to the Fatherland'.<sup>3</sup> In spite of this admonition the group of Catholics represented by the *Neue Saar-Post* went on working for the *status quo*; and on the 30th November a new party was founded, called the German People's Union for Christian Social Community, membership of which was open to both Catholics and Protestants.

For a time the *status quo* parties seemed to be gaining strength; and such meetings as the Governing Commission made it possible for them to hold were well attended. At this stage many members of the Deutsche Front itself were reported to expect a mere 70 per cent. majority. The final *status quo* demonstration on the Sunday before the plebiscite compared well with that held by the Deutsche Front on the same day, but its strongly Marxist character alarmed many wavering Catholic voters, who already felt uneasy at the co-operation between the opposition Catholics and the Socialists and Communists which was one of the most remarkable features of the campaign.

During the last week, however, the opposition parties were visibly losing ground, and though the 13th January, the actual day of voting, passed off without any open violence, if not without moral intimidation,

<sup>1</sup> See section c (i) of this part of the present volume.

<sup>2</sup> See pp. 324-5, above.

<sup>3</sup> *The Times*, 17th November, 1934.

the result of the plebiscite,<sup>1</sup> declared on the 15th January, was as follows:

For reunion with Germany . . .	477,119	90.35 per cent.
For the <i>status quo</i> . . .	46,613	8.83 " "
For union with France . . .	2,124	0.4 " "
Invalid and blank papers . . .	2,197	0.42 " "

Of the 539,541 electors, 528,105,<sup>2</sup> or 97.9 per cent., cast their votes.

This overwhelming majority far exceeded all forecasts which had been made by neutral observers abroad, or which had appeared in the foreign Press. Less surprise was, however, felt by those neutral observers who had themselves lived in the Saar and had been in close touch with the inhabitants. The Deutsche Front had, of course, enjoyed particular advantages throughout the plebiscite campaign. It could make a stirring appeal to the Saar Germans' patriotic instincts with none of the mental reservations implied in the Freiheitsfront's slogan of 'All for Germany—all against Hitler'. The Deutsche Front watchword, 'Our Germany', could win the support of convinced Nazis, of patriotic citizens not interested in politics, and also of those who felt that the Nazi régime was only a passing and unpleasant phase which could not absolve them from their duty to return to their own country. Many Catholics, in particular, must have felt unable to vote for the *status quo* in the absence of a call to revolt by the Vatican or by their bishops in the Reich. It was also understandable that the Saar Germans should have thought less of the economic disadvantages of reunion with Germany than of the special plans which were being made for overcoming those disadvantages. If the Saar had decided in favour of the *status quo*, Germany would probably have withdrawn all her economic concessions and would have continued to make use of political pressure. Even if they were granted a democratic constitution, the Communists, Socialists and *status quo* Catholics would have found some difficulty in working together, let alone in governing the country and at the same time keeping in check an anti-democratic Nazi minority. Besides, no definite pledge had been given as to the possibility of a second plebiscite, and a proclamation on this subject by the Plebiscite Commission had only repeated the indefinite circumlocutions of the Committee of Three. It was easy for the Nazis and the Deutsche Front to point out that the declarations of Messieurs Laval and

<sup>1</sup> Further details are given in *League of Nations Official Journal*, February 1935, pp. 243-7.

<sup>2</sup> This figure represents the total number of envelopes (including the empty envelopes) found in the various ballot boxes, and it is slightly larger than the total of the classified votes set out above.

Litvinov in no way committed the League Council to define the *status quo* in this sense. Moreover, the conclusion of the Franco-German agreement of the 3rd December gave the Saarlanders the impression that the French Government had themselves ceased to expect a decision in favour of the *status quo*. The victory of the Deutsche Front was, however, due as much to the efficacy of its methods as to the attractions of its programme. It had far more money and influence than the *status quo* parties, and it also made full use of the gift for organization and the tendency to nervousness which appeared to be characteristic of the German race at this moment in its history. The official ban on flags was evaded by a display of fir branches and of portraits of Hitler, and wavering voters were continually assailed by Press and wireless propaganda. They might well feel that the eyes of all the world were upon them during the week before the plebiscite, as the special trains came in with voters from abroad, some from the Reich, some from as far afield as America. The Deutsche Front, of course, took charge of all these visitors, but the real opportunity for it to display its power came on the actual day of polling, when it did its best to give the impression that it had taken over the administration of the Territory.

A voter who was called for by a Deutsche Front car, and greeted with the Hitler salute by the member of the Ordnungsdienst on duty outside the polling-station, had some excuse for believing that the most secret of ballots would not protect him against this all-powerful organization. The international force certainly did valuable work in preventing any risk of serious disturbances,<sup>1</sup> but it could not be of much use in reassuring individual voters, since it was obvious that their opponents had only to wait until the force was withdrawn. It was perhaps unfortunate that the troops, especially the British, found it easier to fraternize with the Nazis than with the supporters of the *status quo*, so that while the Deutsche Front praised their 'complete neutrality' and 'perfect courtesy',<sup>2</sup> the anti-Nazis seriously doubted their impartiality.

The result of the plebiscite, which was naturally received with great and elaborately organized rejoicings in Germany, was, on the whole, welcomed by public opinion in other countries, since it was a simpler and more final solution of the Saar problem than the maintenance of the *status quo* would have been. Considerable relief was also felt that the majority was evenly distributed over the Territory, so that there had been no isolated districts with a majority or a large

<sup>1</sup> See pp. 625-6, below.    <sup>2</sup> *The Manchester Guardian*, 16th January, 1935.

minority of *status quo* votes. Many foreign observers, however, sympathized with the *status quo* parties, who had made a courageous fight against great odds, or regretted the setback which their defeat would mean for the whole anti-Nazi movement. It was also feared that so great a personal triumph would encourage Herr Hitler to be more intransigent in his foreign policy. However, in the speech which he made in reply to the announcement of the result, Herr Hitler laid stress on Germany's willingness to make sacrifices for the pacification of Europe and again declared that no more territorial claims would be brought forward against France.<sup>1</sup> These statements were echoed by other Nazi spokesmen<sup>2</sup> and by the Press.

The decisiveness of the result undoubtedly made the task of the League of Nations much easier than it would have been if the voting had been very close, or if it had been necessary to partition the Territory. The Council had already been in session since the 11th January, in case there should be any need for immediate action while the plebiscite was being carried out, and on its instructions the Committee of Three drew up a report recommending in principle the return of the Saar to Germany. The adoption of this report was, however, delayed by unforeseen difficulties. The German Government insisted that the Saar should be handed over within a month if possible, while the French Government continued to demand additional guarantees, and were particularly anxious that the demilitarization clauses of the Versailles Treaty should be extended to the Saar. The German Government were said to agree to the inclusion of the Saar in the demilitarized zone, but to oppose French demands that the strategic value of certain railways and fortifications should be reduced and that Reichswehr and storm troops should not be allowed in the Territory. Finally, Monsieur Laval seems to have decided to overlook the objections of his own General Staff and to accept such assurances as the German Government were willing to give him. The attitudes of both Governments were subsequently defined by means of an exchange of letters of the 28th February.<sup>3</sup>

On the 17th January the League Council was able to adopt a resolution<sup>4</sup> fixing the 1st March as the date of the return of the Saar

<sup>1</sup> *The Times*, 16th January, 1935. Text of speech in *Völkischer Beobachter* of same date.

<sup>2</sup> Perhaps the most interesting plea for Franco-German reconciliation was one put forward by Dr. Goebbels in a speech of the 6th January, when he recalled how, in the Middle Ages, Frenchmen and Germans had fought side by side as crusaders, defending their faith against a foreign invasion (text in *Frankfurter Zeitung*, 8th January, 1935).

<sup>3</sup> Text in *League of Nations Official Journal*, April 1935, pp. 527-9.

<sup>4</sup> *League of Nations Official Journal*, February 1935, p. 137.

to Germany and instructing the Committee of Three to make arrangements, in consultation with the French and German Governments and the Saar Governing Commission, for the change of régime and for the carrying out of the special undertakings already negotiated. Monsieur Laval, though accepting the resolution, drew the attention of the Council to the important matters which remained to be settled and insisted that the security of those who had voted for the *status quo* must be effectively guaranteed by the undertakings entered into by the German Government. From a feeling of humanity France was prepared to receive refugees, but this problem was an international one, whose 'solution would devolve upon the League of Nations'.<sup>1</sup> In answer to Herr Hitler's plea for reconciliation Monsieur Laval said that France 'did not wish to cast the slightest reflection on the legitimate concern that a great people was bound to feel for its national dignity, but history showed her that she must live in security. Other nations had the same rights . . . and no Government must hesitate to take its share in the conclusion of pacts the precise object of which was to ensure the essential reciprocal guarantees to each of the signatory countries.' He went on to refer to the negotiations in progress with regard to an Eastern Pact and to the possibility of extending the benefits of the recently concluded Franco-Italian agreements to all countries, and concluded his speech with an appeal for the help of all countries in organizing peace, for which France would continue to work within the framework of the League of Nations.<sup>2</sup>

The refugees of whom Monsieur Laval had spoken were already crossing the frontier, and on the 23rd January it was officially announced in the French Chamber of Deputies that 1,973 inhabitants of the Saar, 442 other foreigners and 85 destitute French nationals had already taken refuge in France, and next day it was reported that 8,019 permits had been issued to those who intended to emigrate. There was some terrorism and panic just after the plebiscite, but, after the first excitement had died down, the admonitions delivered by Herr Bürckel and the Führer himself with regard to reprisals and anonymous or false denunciations are said to have had some effect. It seemed probable that when the change of régime was completed anti-Nazis would be treated no worse, if no better, than in the rest of Germany, and that meanwhile they would have some of the advantages which the year of transition was intended to secure for

<sup>1</sup> *Op. cit.*, pp. 134-5. For a memorandum of the 18th January on the subject of refugees, addressed by the French Government to the League Secretary-General, see *op. cit.*, pp. 276-7.

<sup>2</sup> Text in *op. cit.*, p. 137.

them. In consequence many anti-Nazis who had decided to leave the Saar might very likely wait a little in order to settle their affairs. Those who had already fled to France, many of whom were penniless, were being looked after by the French Government, which transferred them to Brittany and South-West France, granted them unemployment benefit and hoped eventually to find them employment on public works. In answer to the suggestion made by Monsieur Laval in January, the League Council had instructed its *rapporteur* on refugee questions to prepare a report on the subject. This report,<sup>1</sup> which was presented on the 1st April, 1935, proposed that the refugees who were Saar inhabitants, of whom there were at that time about 3,300, should be dealt with by the Nansen Office, while the 800 refugees who had originally escaped from Germany should be dealt with by the High Commissioner for German refugees. At its May session the Council agreed to increase the League's annual contribution to the Nansen Office by 20,000 Swiss francs, but it rejected a suggestion put forward by the Nansen Office that the League should advance 200,000 Swiss francs towards the settlement of the refugees. Their future was therefore still undecided at the time of writing in the summer of 1935.

The Franco-German economic and financial negotiations proposed by the League Council began on the 25th January at Basel, which was chosen as the place of meeting because certain of the agreements to be concluded were to provide for the co-operation of the Bank for International Settlements. These negotiations were afterwards continued at Rome and Naples, under the auspices, as before, of the Committee of Three and of the Financial Sub-Committee of the League. On the 19th February the Committee was able to adopt a report<sup>2</sup> recording its proceedings and giving detailed resolutions on the questions of foreign debts and the future of the Supreme Plebiscite Tribunal. Annexed to the report was a monetary ordinance followed by twelve declarations and agreements with regard to such matters as foreign exchange restrictions, social insurance, the position of officials and the transfer of the administration of the Territory. Ratifications of these agreements were exchanged on the 16th May. In accordance with one of these agreements the Saar was placed under the German customs régime as from midnight on the 17th–18th February. The Mines Commission of the French Chamber had already, on the 15th January, invited the Government to limit imports of Saar coal on the basis of pre-War imports and to apply the

<sup>1</sup> Text in *League of Nations Official Journal*, June 1935, pp. 714–15.

<sup>2</sup> Text in *League of Nations Official Journal*, March 1935, pp. 461–90.

quota system to the Saar in the same way as to other countries. It was hoped that the transfer of the Saar might make the balance of trade and payments more even between France and Germany, but the commercial negotiations carried on in Berlin and Paris during January and February proved extremely difficult. Though agreements were concluded on the 14th and 23rd February for the exchange of Saar industrial goods for French agricultural produce, no solution was found for the problem of commercial payments, and the adjournment of the negotiations was announced on the 24th February. Private negotiations between representatives of iron and steel firms had also failed to reach any agreement by the time of the change of régime. After the 18th February the foreign means of payment circulating in the Saar were withdrawn and replaced by Reichsmark; but not more than 300,000,000 francs were recovered in this way. This meant that by far the larger part of the payment for the mines would have to be made by means of deliveries of coal, and that the 5 per cent. of the foreign means of payment reserved for the service of foreign loans would probably be used up in little more than a year.

Meanwhile, the German Government for their part had been making arrangements for the economic reunion of the Saar with the Reich. It was proposed that for at least six months industrialists and traders from the rest of Germany should not trade freely with the Saar, for fear of unfair competition with local firms. On the other hand the Saar would not be allowed to pass on the large stocks of recently imported foodstuffs and luxury goods which were being sold more cheaply than in the Reich. The levels of prices and taxation were to be adjusted by stages, and unemployment was to be combated by public works and organized migration.

The international force was withdrawn between the 17th February and the 26th, and on the 28th the Governing Commission finally handed over its powers to the Committee of Three, which, in its turn, signed a *procès verbal* on the 1st March re-establishing Germany in the government of the Territory. The dramatic effect of the reunion celebrations organized throughout Germany was heightened by the surprise visit paid to the Saar by Herr Hitler himself a few hours after the transfer of the Territory.

A student of the history of the Saar during the period which we have just been reviewing has to feel his way, as best he can, through a fog of special pleading and propaganda; and any one who has made the attempt may well be diffident of his ability to serve as a guide. Yet the would-be historian of so interesting an episode of

international history as the administration of the Saar by the League of Nations can perhaps hardly be excused from making an attempt to orient his reader by indicating some of the salient features of the landscape as they appear in retrospect.

In the first place, the outcome of the experiment in international administration in the Saar may be considered to have been a remarkable vindication of this particular chapter of the Versailles Treaty. The solution provided in the Treaty for a problem which was certainly more difficult and complex than the propagandists on either side admitted it to be was perhaps the best that could have been devised in the circumstances, but it was a bold solution nevertheless; and this boldness was justified by the success of the Saar Statute in standing the severe and perpetual tests to which it was subjected over a period of fifteen years.

In the second place, the success of the experiment showed that this device of international administration was a 'practical proposition'; for, during those fifteen years, the territory was well and conscientiously—albeit undemocratically—governed; and the foreign administrators who were responsible for this achievement might fairly claim that, under their rule, the inhabitants of the territory enjoyed a degree of liberty, both of person and of conscience, which had been unknown in the past.<sup>1</sup> As to the relations between the five members of the Governing Commission themselves, they would appear to have worked, during the latter years of the régime, with a smoothness and a harmony that could not have been surpassed in the working of a national cabinet. This harmony between five men who had to enter upon their collaboration without any common ground of race, patriotism, creed, education, profession or general outlook was partly made possible by the fact that the lines on which they were to act were laid down in a clear and precise charter; and this secret of the Saar Governing Commission's success was a point in favour of the American and Continental European predilection for written constitutions, as against the English taste for the 'elasticity' of an unwritten convention.

In the third place, we may take note of the unqualified success that attended the employment of an international force in the Saar in unprecedented circumstances. During two months—throughout which all those in authority in the Saar were under a continual nervous

<sup>1</sup> For example, the Catholic majority in the formerly Prussian part of the territory were now accorded the right—which had been denied to them under the Prussian régime—of making the Corpus Christi procession at a later hour of the day than 6.0 a.m.!



strain—there was never a touch of friction, between the international force and the civil power, or between the international force and the population, or between the different national contingents of which the force was composed. The role for which the international force was cast was not that of a police force but rather that of a reserve which was to exercise, by its mere presence, a proper restraint upon the impulses of any people in the territory who might be tempted to provoke disorders in a time of excitement and crisis; and this role was played by the international force to perfection.

These three points in which the much-abused Versailles Treaty régime in the Saar Territory was justified by success were of more than local importance; for, taken together, they demonstrated the practical possibility, in the twentieth-century Western world, of effective and benevolent government on lines which escaped from the cast-iron framework of the self-contained national state, which in this age had come to be regarded as the *chef d'œuvre* of the Western political genius at the very moment when it was proving totally inadequate to solve the formidable political problems with which the Western society was now confronted.

In regard to the local issue which was settled by the Saar plebiscite, a neutral observer could only hope that the political reunion of the Saar with Germany in A.D. 1935 would really prove to be—as Herr Hitler himself had repeatedly declared it to be—the last act in the age-long struggle over the Franco-German frontier.

It did, indeed, now look as though, on this frontier, there was no longer any 'debatable territory'—if that conventional term might properly be interpreted as meaning territory in which it was doubtful whether it was France or Germany that commanded the loyalty and affection of a majority of the inhabitants. Between the Rhine, the Vosges and the Ardennes, it had already been proved conclusively—by the experience of the years 1871–1918—that the inhabitants of those former French territories which had been governed, during this half-century, as a German *Reichsland* were overwhelmingly French at heart, whatever might be their ancient history or their mother-tongue or their regional feeling. And now, in the Saar, it seemed to be no less conclusively proved—by the outcome of the plebiscite of the 13th January, 1935, following upon the experience of the years 1914–34—that the Saarlanders were as overwhelmingly German at heart as the now 'disannexed' Alsatians and Lorrainers were French. France had failed as conspicuously to convert the 'Sarrois' into Frenchmen as Germany had failed to convert the 'Reichslanders' into Germans; and this pair of failures, taken

together, made it henceforth impossible for any French or German statesman who had eyes to see to mistake the true position of the spiritual boundary between the French and the German body politic. Since experience had also proved that—in Western Europe, at any rate—the only natural, and therefore the only durable, political frontiers were those which were made to coincide with such spiritual boundaries of affection and loyalty, it might be hoped that, on both sides, the statesmen would now accept wholeheartedly, as a permanent settlement, the line of demarcation between France and Germany which had resulted from the application of the Peace Treaty of Versailles (of which the Saar Plebiscite was, of course, part, no less than the ‘disannexation’ of the French territories that had been ceded to Germany in 1871).

A definitive territorial settlement between Germany and France would assuredly do more than any other single international transaction could do to assure the maintenance of the peace of Europe. It could not, perhaps, absolutely ensure that France and Germany should live, henceforth, in perpetual peace with one another; for the territorial question was not, unfortunately, the sole question which might bring the two countries into conflict. Their statesmen would still have to contend with formidable problems of balance of power and hegemony. Even so, however, it was manifest that, if once the territorial conflict between the two principal Powers of Continental Europe were removed from the arena, the whole international situation in Europe was likely to improve almost beyond the range of imagination.

# PART IV

## THE FAR EAST

By G. E. Hubbard

### (i) Introductory Note

THE calendar year 1934 fell entirely within the two-years' term which had to elapse, according to the Covenant of the League of Nations, between the serving of notice of the Japanese Government's intention to withdraw from membership of the League—a step which had been taken by the Japanese Government on the 27th March, 1933<sup>1</sup>—and the legal consummation of the withdrawal on the 27th March, 1935. While this conventional period was running out, the Japanese Army on the Continent stood at ease. Between the conquest of the province of Jehol, and its forcible annexation to Manchukuo, in February and March 1933,<sup>2</sup> and the new forward move in Hopei and Chahar in June 1935, there were no startling Japanese military operations, or even demonstrations, at China's expense; and the military situation in the borderland between Manchukuo and Intramural China continued to be governed by the Tangku Armistice, which the Japanese military authorities had dictated to the Chinese on the 31st May, 1933.<sup>3</sup> In fact, Sino-Japanese relations during 1934 were more or less stationary; and in Russo-Japanese relations during the same year there was a positive *détente*—of which the measure is given by the final completion of the arduous and long-drawn-out negotiations for the sale of the Soviet Government's interest in the Chinese Eastern Railway to the Government of Manchukuo.<sup>4</sup> This transaction was perhaps the most important single international event of the year in the Far East; and it was an achievement which was of good augury for the maintenance of peace. On the other hand, an ominous shadow of untoward coming events was cast by the series of semi-official or demi-semi-official Japanese declarations in which the unpalatable notion of a 'Japanese Monroe Doctrine' for the Far East was delicately introduced to Occidental minds—American as well as European.<sup>5</sup>

In this, as in previous, year some account of the internal history

<sup>1</sup> See the *Survey for 1933*, pp. 515–16.

<sup>2</sup> *Op. cit.*, pp. 478–80.

<sup>3</sup> *Op. cit.*, pp. 481–2.

<sup>4</sup> *Op. cit.*, pp. 518–30, and the present part of the present volume, section (v) below.

<sup>5</sup> See the present part of the present volume, section (v), pp. 646, 649, *seqq.*, below.

of both Japan and China has been included in this *Survey*<sup>1</sup> in the belief that this is essential to an understanding of the international affairs in which each of these two countries took part. In Japan the year 1934 was marked by a respite from Fascist acts of terrorism; in China by an unprecedentedly successful military campaign which was carried out by the forces of the Central Government against the Communist organizations in the southern part of the Yangtse Basin.

Finally, some attention has to be given, in the Far Eastern annals of 1934, to the rival radiation of Japanese and Russian and British influences into those vast inland territories outside the Great Wall of China—Manchuria, the Mongolias, Sinkiang and Tibet—which had been inherited *de jure* by the Chinese Republic from the Manchu Empire but which were all apparently now passing *de facto* out of Chinese control.<sup>2</sup>

### (ii) Internal Developments in China

In 1933 a tendency was already discernible for responsible opinion in China to resign itself to the idea that a period of Japanese ascendancy was inevitable,<sup>3</sup> and to concentrate upon the building up of a 'strong and united China' which might prove capable at a later date of recovering lost territories and recapturing political freedom. An acceptance of this dual policy was implicit in the Chinese Government's general line of action in 1934. Further friction with Japan was studiously avoided, while the principal effort of the Government was directed against the immediate obstacle to national reconstruction, namely the bloc of Communist domains in Central China. A review of Sino-Japanese relations throughout the course of the year is reserved for a later chapter in this part; in the present chapter we have to consider Chinese internal developments bearing on China's prospects of political and economic regeneration.

It was a singular misfortune for China that at a time when her external relations called for a special endeavour to strengthen her position at home, she should have found herself sunk in an economic depression which was aggravated by causes beyond her own control. In 1934 unusually serious droughts affecting twelve of her provinces resulted in poor harvests over a great part of the country and increased the prevailing distress among the peasantry. Foreign trade continued to contract—imports falling by one-third below the 1933 level,<sup>4</sup> and

<sup>1</sup> In the present part, sections (ii) and (iii).

<sup>2</sup> See the present part, section (vi) below.

<sup>3</sup> See the *Survey for 1933*, p. 483.

<sup>4</sup> Between a third and a half of the decline was accounted for by reduced imports of foodstuffs. In the case of rice this was attributed mainly to the

exports by one-eighth, with a 50 per cent. reduction in two of the principal staples, raw cotton and silk. Industries generally were at a low level, and in particular the cotton mills in the treaty ports were reduced to dire straits, 1934 being described as the hardest year which they had ever had to experience. Lastly, financial stability was severely shaken by the export of a quantity of silver estimated to amount to nearly \$400,000,000 (Chinese) and to represent as much as one-sixth of the total in circulation. This loss of the basis of China's currency, which was disastrous both on account of its deflationary effect and of the uncertainty and destruction of confidence which it provoked, was due in the first instance to the raising of silver values by American Government purchases<sup>1</sup> which caused the price of silver in London (the principal silver market) to rise to as much as 3½ pence above the price in Shanghai,<sup>2</sup> and thus created an irresistible inducement for the drain of silver out of China. It also reflected the heavy adverse balance in China's trading transactions,<sup>3</sup> which, though less by \$238,000,000 than in the previous year, was still far too great to be rectified by the normal ingredients of Chinese 'invisible exports'.

One aspect of the silver question which may conveniently be mentioned at this point, though falling properly within the category of external relations, was the repercussion of the United States Government's silver policy upon Sino-American relations. Inquiries as to Washington's future intentions in regard to the regulation of silver prices, and representations concerning the menace to China's interests, were made by Nanking as soon as the seriousness of the position created by the American Silver Purchase Act<sup>4</sup> began to declare itself in the month of August 1934. Later, on the 23rd September, assurances were specifically asked for against further action calculated to increase the drain of silver from China. The response of the United States Government to this appeal emphasized the obligation under which the Administration lay to achieve the objects of the Act, though a promise was added that the Treasury would do what was possible to consider Chinese interests in conducting its operations. The smallness of the comfort derived in Nanking from this answer was indicated by the fact that four days later the imposition of an import duty designed to raise internal prices. In the case of wheat imports, which decreased by 60 per cent., it has to be remembered that 1933 was an abnormal year owing to the American wheat loan.

<sup>1</sup> See Part I of the present volume, section (ii) (d), pp. 17-20, above.

<sup>2</sup> At the beginning of the year the difference had been no more than 0.18 of a penny. See the Bank of China Report for the year 1934.

<sup>3</sup> The figures of the adverse balance were as follows: 1932, \$867,000,000; 1933, \$733,000,000; 1934, \$495,000,000. Exports of gold from China had been heavy for some years past.

<sup>4</sup> See pp. 17-19, above.

Government there took the decisive step of placing a virtual embargo on the export of silver from China. There can be little doubt that the lack of consideration for China's vital interests which the Chinese attributed to the United States in this matter did much to weaken their belief in the disinterestedness of American Sinophilism which had become an established dogma in the relations between the two countries.

Notwithstanding the blows of Fortune which befell China in 1934, this year saw her make tangible progress in the schemes of economic reconstruction which the National Economic Council had taken in hand. The execution of the Council's road-building programme advanced so far that the addition of 8,000 kilometres within the preceding ten months could be reported to the Central Executive Council at its plenary session in November, though the significance of this achievement was somewhat lessened by the fact that a considerable part of the new mileage was represented by military roads required for the operations against the 'Reds', and as such was of somewhat transient value. In the matter of railway construction the trunk line, known as the Lung-Hai, which was designed to traverse the country from east to west, was carried to Sianfu, the capital town of Shensi, whence a road was begun towards Lanchow, the capital of Kansu. This road was in part a revival of the ancient 'Silk Road' of Roman times, connecting China with the West. In the case of another prospective main artery, the Canton-Hankow Railway, the gap in the centre, which had existed since its original construction in 1912-13, was materially diminished; arrangements were concluded with the British and Chinese Corporation for the long-delayed completion of the Shanghai-Hangchow-Ningpo Railway originally contracted for in 1908, and work was begun on a new line which, starting from a point on the Canton-Hankow Railway, was to pass through the important coal-mining centre of Pinghsiang and thence through Nanchang, General Chiang's military headquarters, to Hangchow and the sea. Thus a considerable advance was made in the course of the year towards providing in Central China what had been markedly lacking, namely a system of railways running east and west. Finally railway extensions, allegedly financed by Japanese funds, were reported to have been begun in Marshal Yen Hsi-shan's province of Shansi. In the sphere of agricultural improvements, which Dr. Rajehman, the League's Technical Agent, singled out in his report<sup>1</sup> as the field for particular effort, the chief progress made was in the organization of farmers' co-operative

<sup>1</sup> See p. 649, below.

societies—the number of societies increasing in the course of the year from five thousand to fourteen thousand—and in the establishment of technical training centres. The Cotton Commission of the National Economic Council established a number of research stations and grading centres and assisted in the formation of cotton co-operative societies which received loans from the banks approximating to \$1,500,000. The Council also continued its important work of water conservancy along several of the principal rivers, including the Yangtse, the Yellow River, the Han and the Hwai.

Chinese public finances reflected the influence of the economic depression combined with the continued high level of military expenditure, which rose from \$321,000,000 (Chinese) for 1932–3 to \$373,000,000 for 1933–4. The Finance Minister's review of the two-year period up to June 1934 showed a deficit in the national budget of \$147,000,000 (Chinese) for 1933–4 (which exceeded the deficit for the previous twelve months by \$61,000,000), and he regretfully recorded the fact that the Central Government had been forced to revert to the practice of covering current expenses by public borrowing, the proceeds of loans floated during the two years, including the American Wheat Loan, being \$180,000,000 (Chinese).

Inter-provincial relations, though undergoing no radical change during the course of the year, may be said, in the language of the stock exchange, to have shown a 'firm undertone'. Co-operation between the South and Nanking in conducting the anti-Communist campaign was of a fitful nature and led, on several occasions, to unsatisfactory results which called forth mutual recrimination between the nominal allies. On the other hand, the suspicion which had attached to the Southern leaders in the past, of attempting to exploit the Communist factor in order to strengthen their own hand *vis-à-vis* Nanking, appeared to have lost much of its plausibility. On political issues generally there was little abatement of Cantonese criticism of Nanking; and this, taken together with the action of the Cantonese leaders in the matter of the Party National Congress, which will be described later, showed that Southern separatism remained a very serious problem.

Little change occurred in the North, where General Huang Fu,<sup>1</sup> the Chairman of the Peiping Political Council, continued to maintain a tolerable *modus vivendi* with the Japanese authorities while remaining on close terms with the Government at Nanking. Of this Government he became, indeed, a member through his appointment as Minister of the Interior, a post which he held concurrently with his Northern

<sup>1</sup> See the *Survey for 1933*, pp. 461 and 463.

provincial appointment. His long absences from Peiping and his difficult relations with the ex-Manchurian and ex-Kuominchün generals, who between them controlled a large portion of the local Chinese troops, weakened his authority in his own province and led to a revival of the old party jealousies and personal intrigues which had been so damaging in the past and were now still more disastrous when unity was so much needed to face the danger of foreign intrusion. In Western China, on the other hand, there were signs in 1934 of a change in the relations between the Central Government and the regional authorities. The province of Szechuan, which since the rise of the National Government had remained a detached unit under the unchallenged control of its local military commanders, took a step towards unification at the end of the year—a step which, it is true, was forced upon them to a great extent by their need for assistance in meeting the vital threat from the Communist forces of the province,<sup>1</sup> who were now reinforced by fugitive troops from the broken-up 'Red' stronghold in Kiangsi. General Liu Hsiang, the Provincial Chairman and the chief of the Szechuanese Generals, visited Nanking towards the end of the year to arrange for help from the Central Government. This was granted in the form of a monthly subsidy by the Central Government of \$800,000, which was to last during the suppression campaign; in return General Liu undertook to submit all important matters to the Nanking Government's decision.<sup>2</sup> Unfortunately, General Liu's own authority in his province was far from being firmly established, since it was opposed both by rival Generals and by the Communists. General Han Fu-chu, who in Shantung pursued the same conciliatory line of action towards the Japanese as his colleague in Hopei, was another important leader who, after a long absence from the capital, paid a visit in 1934 for personal consultation with the members of the Government. The attitude of another representative of the old Northern 'war-lords' gave, however, some grounds for doubt about his solidarity with the National Government. This was Marshal Yen Hsi-shan of Shansi, who in the eyes of his Chinese critics showed undue subservience to Japanese influence and was even reputed by them to be concerned in a monarchical movement engineered from Hsinking.

The Nanking Government itself, though displaying on the whole more solidarity than had characterized the central administration in earlier years, was composed of several clearly distinguishable elements.

<sup>1</sup> These were part of the Communist bandit forces, formerly established in the Han River area near Hankow, which Chiang Kai-shek had dispersed in 1932.

<sup>2</sup> See *The Times*, 17th December, 1934.



Firstly, there was the Generalissimo, Chiang Kai-shek, whose predominant influence rested on the Army and his own group of followers; secondly, Mr. Wang Ching-wei, who derived his power from the Kuomintang organization and his own group of partisans; thirdly, Mr. T. V. Soong, who, although he had resigned from the post of Minister of Finance,<sup>1</sup> continued to play a leading role in Government affairs and was generally believed to retain the direction of China's financial policy. Of these three personalities it was Mr. Wang Ching-wei who, in spite of his close connexion with the Party and his earlier association with the intransigent South, showed himself to be most favourably disposed towards a *rapprochement* with Japan. Mr. Soong maintained his reputation of a stern opponent of this policy, an attitude which had probably been the chief cause of his departure from office, while General Chiang was considered to occupy a middle position in regard to Sino-Japanese relations.

To General Chiang Kai-shek personally was due much of the credit for whatever strengthening of the central authority occurred in 1934, as well as for the destruction of the Communist bloc in Central China. His reputation as a man of exceptional energy was enhanced by his record of activity during the year. From his head-quarters at Nanchang, on the edge of the Communist territory, he directed in person the campaign against the 'Reds'. At the same time it was patent that in civil affairs he was maintaining his ascendancy, although the burden of current administration was supported by Mr. Wang Ching-wei as President of the Executive Yuan. A notable example of the Commander-in-Chief's unsparing use of his energies was his departure by aeroplane, when momentarily released from the cares of the anti-Communist campaign, on a visit to ten provinces in the North and West of China. His unobtrusive and well-received tour through outlying parts of the Republic, and his personal exhortations to the local officials and population, made a new and significant development in governmental methods in China, where distance had hitherto formed one of the chief obstacles to the effectiveness of central control.

On the cultural side the stirring of China's national consciousness received an impulse, the strength of which won widespread foreign testimony, from a movement initiated by General Chiang Kai-shek under the name of the 'New Life Movement'. Launched at a large mass meeting at Nanking in the month of March 1934, the movement aimed at raising the standards of the common people in their everyday habits and conduct and was in some ways a revival of Confucian

<sup>1</sup> See the *Survey for 1933*, p. 463.

ideals of life.<sup>1</sup> It was started with the object of helping forward the Government's plans for the economic and agricultural rehabilitation of the areas recovered from the Communists. It was soon found to be making a national appeal, and its founder recognized, and set out to develop, its value as a unifying force among the whole population of China. In this respect it bore a certain resemblance to the contemporary parallel movement in Germany which aimed at the standardization and state regimentation of national behaviour.

The anti-Communist campaign of 1934, to which we have already had occasion to refer, was the last of a series of attempts by the Central Government's forces to dislodge the 'Red' Armies from the region south of the Yangtse which for some six years had been a Communist preserve. By the summer an increasingly close blockade had produced a desperate shortage of the necessities of life in the area, in particular of salt. This pressure provoked a sortie by the 'Reds' from their stronghold in Kiangsi into the adjoining province of Fukien; and in August Communist troops came within twenty-five miles of the treaty port of Foochow. The outbreak was, however, effectively countered by the Government troops, and at the end of the month the long-planned general assault was launched against the Kiangsi Communist centre. Success attended these operations. On the 10th November, 1934, Shuikin, the head-quarters of the 'Soviet Republic', was captured; and a fortnight later the last Communist base in Fukien, the town of Tsingliu, fell to the Government. The Communist armies, though now broken up, were far from being demolished and, with the mobility for which they had already made themselves famous, they scattered into groups which made their appearance at widely separated points in the adjoining provinces, where they threatened hitherto unscathed towns and districts. Barred by the Canton armies from entering Kwangtung and Kwangsi, a considerable section marched into Kweichow, and later almost succeeded in seizing Kweiyang, the provincial capital. A still more important body went west into Hunan, heading for Szechuan, where a powerful Communist centre already existed in the north-eastern part of the province. The position at the end of the year showed aggregation of 'Reds' in four principal regions—on the Kweichow-Szechuan border, in the north-east of Szechuan, in the south-east corner of Shensi and in the extreme west of Hupei, where the famous Communist leader Ho Lung was in command. There were thus two bodies of Communists sundered by the Yangtse River, and the

<sup>1</sup> In this connexion it may be noted that the annual Confucian celebrations were revived by the Central Government in 1934.

Government were left with the task of preventing them from joining hands and then building up a fresh Communist bloc in the west of China within easier reach of Russian influence in Central Asia.

The recovery of Kiangsi put an end to a Communist régime which, according to an estimate given by Chiang Kai-shek,<sup>1</sup> had rendered six million people homeless and had taken a toll of a million victims slaughtered in cold blood in the course of its six years' existence. After the conclusion of the military operations, reconstruction work was taken in hand and, according to the report of newspaper correspondents who visited the liberated area, the 'Rehabilitation Commission'<sup>2</sup> lost no time in organizing centres to deal with the pressing problems of reconstruction, including public health missions, organs for establishing farmers' co-operative societies and local defence corps. Press reports from recovered areas in other parts of China indicated, however, that this efficient handling of the problem was not universal and that in some districts the old abuses were creeping back unchecked by official action.

The elimination of 'Soviet Republics' established in the heart of China, if of permanent effect, was manifestly a substantial step forward towards that consolidation and concentration of national effort which, in a manifesto issued to the nation at the close of the fourth plenary session of the Kuomintang Central Executive Council on the 25th January, 1934, was described as the sole path to national salvation.

It now remains to record the progress made in 1934 in the task of developing a permanent political constitution for adoption at the end of the period of Party tutelage, which had been fixed for 1935, when China was to emerge as a fully democratic state.

In the preceding volume of this work it was mentioned that a Cantonese opposition caused the adjournment of the Kuomintang National Congress which had been due to be held in July 1933.<sup>3</sup> The new date fixed was the 12th November, 1934. Early in September a circular telegram was issued over the signatures of General Chen Chi-tang and the other principal Southern leaders, calling on the members of the Party to unite in 'demanding a radical change in national policies at the National Congress'. The Government at Nanking

<sup>1</sup> See *The New York Times* of the 23rd December, 1934.

<sup>2</sup> See the *Survey for 1933*, p. 470.

<sup>3</sup> The Party National Congress had the important function of electing the various committees which, in combination, constituted the Government of China. During adjournment, its powers were exercised by the Central Executive Committee, which met periodically in plenary session, but had a small Standing Committee.

were accused by the signatories of having violated decisions taken at the previous meeting of the Congress in November 1931<sup>1</sup>—that is, shortly after the beginning of the war in Manchuria—which had called for active resistance to encroachments on Chinese territory. It was incompatible with these decisions, the document stated, that the Government should have agreed to the Tangku Armistice, concluded the through-traffic agreement for the Peking–Mukden Railway and made other similar concessions to Japanese requirements. The signatories of the telegrams also denounced the spread of the Fascist movement in Central and Northern China—a thinly veiled attack on the person of the Commander-in-Chief—and they strongly criticized the new customs tariff.<sup>2</sup> This manifestation of the old hostility of the Canton leaders towards Chiang Kai-shek and his policy may have been inspired by the suspicion, which was rife at the time, that Nanking intended to use the authority of the Congress for dissolving the South-West Political Council; in any case it became clear that Canton was violently opposed to the holding of the Congress and might proceed to extremes if the Central Government insisted on its convention. The latter body discreetly gave way and the Congress was once more postponed for a year.

Meanwhile, two plenary sessions of the Central Executive Council were held during the course of the year. The principal act of the first, which took place in January, was the re-election for two years of Mr. Lin Sen as President of the National Government. In August 1934 there was published a revised draft of the Permanent Constitution. The existing ‘five-power’ framework of the Central Government<sup>3</sup> was to be retained, but the ultimate authority which had been exercised by the Party was to repose in two popularly elected bodies, and election was to be by universal adult suffrage. The former of these bodies, the People’s Congress, was to meet once in two years and was to elect and recall the President of the Republic and all the executive heads of the Government, except the Chairman of the Executive Yuan, who was to be responsible to the President. The junior representative body, which was to be called the People’s Committee, was to have powers to convene extraordinary sessions of the Congress, to supervise referendums (which were to be a regular element in the new constitutional system, being applied even to

<sup>1</sup> See the *Survey for 1931*, p. 414.

<sup>2</sup> A new import tariff had been introduced on the 3rd July, 1934. The reduction of rates on certain cheap cotton goods and on sea-products, with a raising of the rates for woollen goods, metals and manufactured and raw cotton, was regarded as a surrender to pressure from Japan.

<sup>3</sup> See the *Survey for 1928*, pp. 389–90.

the budget) and to impeach the higher Government officials. The President of the Republic was invested with wide powers, including that of declaring war, negotiating foreign treaties and appointing civil and military officials; and he was to be responsible to the People's Congress alone. No striking changes were provided for in the draft in regard to local government in the provinces. China as defined in the document included Manchuria and Jehol.

At the second of their two plenary sessions, in December 1934, the Central Executive Committee remitted this draft Constitution for report by a special committee, prior to the holding of the Kuomintang National Congress which had been postponed till November 1935. The drastic changes, involving the surrender of sovereign power by the Kuomintang or by individuals exercising rule in its name, which the acceptance of the draft Constitution would imply, appeared to have been brought only slightly nearer to practicability by internal political developments during the course of the year. It may reasonably be suggested that more real importance attached to a programme of immediate reforms which was presented by General Chiang and Mr. Wang Ching-wei at the December plenary session. The most vital suggestions put forward in this document were for an extension of Central Government control over provincial administrations, particularly over the appointment of provincial officials, and a clearer demarcation between central and regional control of military forces. An important proposal in this connexion was that all purchases of military equipment from abroad for regional, as well as national, armies should be made by the Central Government.

### (iii) Internal Developments in Japan

The chapter in the history of Japan's international relations which opened in 1931 with her military invasion of Manchuria, which continued through the three succeeding years, and which was marked in 1933 by her withdrawal from the League of Nations and in 1934 by her enunciation of a Japanese 'Monroe Doctrine for Eastern Asia',<sup>1</sup> was so closely linked up with the domestic situation in Japan that a brief chronicle of the country's internal developments is, as on previous occasions, a necessary prelude to a survey of its foreign affairs in the year 1934.

As can be seen by reference to previous volumes of this *Survey* a political revolution had been averted—though this only by a narrow margin—in the course of the rise to power of the military-Fascist

<sup>1</sup> See section (iv) of this Part.

elements between 1930 and 1932; and, thanks largely to the elasticity of the traditional Japanese system, which left ultimate decisions in times of national emergency in the hands of a few individual high advisers to the Throne, Japan had been able to preserve at any rate the outward form of parliamentary government. Acute tension between the 'military' and 'civilian' groups had resolved itself into a compromise, and the outcome was a bureaucratic administration which, according to the view held of the degree of influence enjoyed by the more liberal members of the Cabinet, might be described either as a constitutional façade for the military-Fascist faction, bridging the way to its probable future dictatorship, or alternatively as a logical adaptation of Japan's democratic political system to certain widespread changes in the social and political ideals of the country. In any case, the formation of the Saito Government, after the assassination of the Seiyukai Prime Minister Mr. Inukai in May 1932, had definitely arrested the development of the two-party system towards which Japan had been previously tending; and the eclipse of political parties became increasingly apparent in the year now under review.

The Saito Government was brought to an end in July 1934 by a cause which had not infrequently overthrown Japanese Cabinets in the past, namely a financial scandal implicating a member of the Government. Mr. Kuroda, the Vice-Minister of Finance, was indicted, and subsequently imprisoned, for complicity in the fraudulent sale of shares of certain rayon and steel works; and on the 3rd July, 1934, following the usual practice in such circumstances, the Cabinet resigned. On the advice of Prince Saionji, the last surviving *genro*, the Emperor called upon Admiral Okada to form a new Government. Admiral Okada was a distinguished senior officer who had served under Viscount Saito as Minister of Marine till the previous January, and, while known as a man of moderate views, was a strong supporter of the Japanese demand for a powerful Navy. His appointment implied a minimum of change in the complexion of the Government. Mr. Takahashi, the veteran Minister of Finance, whose position had been compromised by the Kuroda scandal, was succeeded by the Vice-Minister,<sup>1</sup> Mr. Fujii, but the Foreign, War and Navy Departments remained in the hands of their previous incumbents. Any possibility of the change of Government resulting in a revival of the influence of the parties was destroyed by the action of the Seiyukai Party itself, which, failing to obtain its demands in the matter of Cabinet appointments, refused its support to the new Prime Minister and expelled the three members of its own organization who accepted

<sup>1</sup> Mr. Takahashi returned to his post in December 1934.

office. The new Cabinet contained non-party men in the five principal departments—War, Navy, Foreign Affairs, Internal Affairs and Finance—with three Seiyukai and two Minseito members holding minor posts.

The general impression produced by the Okada Government was that of moderation both in foreign and in domestic affairs. Their domestic policy was thus described by the Tokyo correspondent of *The Times* after their first three months of office:

In domestic policy the Government's objects are equally moderate. Politically they seek to do no more than hold the fort for that measure of democracy which functioned in Japan before the Manchurian crisis swept it into temporary retirement. They aspire to no dictatorship of their own members, and are disposed to resist such aspirations on the part of others. Economically, they seek to establish the measure of sound finance which recent emergencies will permit, and to relieve the pressure on the rural population which has been the natural concomitant of industrial expansion, which has, perhaps, been too rapid. They wish to accomplish this without radical reorganization of the national economy and without making a predatory attack on the financial and industrial classes who are, after all, the most progressive elements of the nation.

Moderation as applied to Government action in Japan could, however, be only a relative term so long as the more extremist elements in the country possessed that power of asserting their will of which they had given such decisive proof in the previous two years. Japanese organizations of a Fascist character ranged from the Koku-hounsha, which was presided over by Baron Hiranuma, the Vice-President of the Privy Council, and which contained among its eighty thousand members many representatives of the land-owning, capitalist and official classes, to the notorious 'Blood Brotherhood' which had been responsible for the murders of Mr. Inouye and Baron Dan in 1932; and their total number was estimated to be over one hundred, while the Society of Reservists, which was strongly under the influence of 'militarists' of the type of General Araki, the former Minister of War, was credited with an active membership of about half a million persons. Although during 1934 there were no assassinations of prominent politicians nor overt acts of terrorism such as had marked the previous two years, there was ample evidence, if not of the Government's subservience to irresponsible influences from without, at least of their powerlessness to curb illegitimate political activities. Throughout the year the country was 'instructed' in matters of national policy by a series of manifestoes issuing from military quarters; and this culminated in a publication put forth in

October by the Ministry of War asserting the need for an increase in national defence and urging, for this purpose, the suppression of the capitalist system and the return to a 'moral economy'. In December the War Minister was himself violently attacked by the military left wing in a propaganda pamphlet which was said to have the support of over 100,000 signatures. The pamphlet demanded a more drastic policy both at home and abroad, and its appearance threatened for a time to bring about the Minister's resignation. It was credibly reported also that various Government officials, including diplomatists, were visited by emissaries of the Army, were questioned as to their attitude on matters of national policy, and were compelled under personal pressure to send in their resignations if they failed to pass the test. The recurring crisis over the Army and Navy estimates resulted in the overthrow of Mr. Fujii, the Minister of Finance, whose attempts to check expenditure under these heads incurred the displeasure of the militarists. His place was filled by the return to office of his predecessor, Mr. Takahashi.

The championship of the agricultural classes, which had figured prominently in the reformers' programme, did not avail to secure for the Japanese farmers any increase of Government financial support in 1934, their claims being sacrificed to those of the Army and Navy when the choice between the two had to be made in the budget allocations. Under the Government scheme the agrarian relief budget for the year was reduced from 159,000,000 to 79,000,000 yen; and, in spite of repeated agitation in the Diet, nothing more was done to help the rural population till the critical situation, resulting from the damage inflicted by the severe typhoon which visited Japan in September and from other natural disasters which occurred in the autumn, obliged the Government to call a special session of Parliament on the 27th November. A supplementary budget was then passed for the relief of the sufferers, to be spent mainly on long-term projects. The sum to be raised for the purpose, amounting in all to 210,000,000 yen, was to be spread over three years, and this added a burden of approximately 70,000,000 yen to the annual budgets. Meanwhile, the distress of the farmers which has been described in the *Survey for 1933* was even further aggravated. The bumper rice crop of the preceding year was followed by the worst since 1913, with no adequate rise in price to compensate the cultivator, while the year's harvest of silk cocoons, which was slightly less in quantity than in 1933, was in value reduced by as much as 60 per cent. The effect was a fall in the aggregate receipts, derived by the farmers from their two staple sources of income, which was estimated to be from 1,379,000,000 to



867,000,000 yen.<sup>1</sup> Indebtedness to landlords, which was the crux of the peasants' misfortunes, remained unrelieved in spite of efforts by a group in the Diet to move the Government to establish a moratorium, and this state of affairs was reflected in a considerable increase in the number of recorded 'farm disputes'. Thus the agrarian situation, which was the gravest internal problem facing Japan, found no alleviation, and at the end of 1934 its solution was still being left in the main to the play of natural forces, from which little hope could be derived for any improvement in the years immediately ahead.

Economic depression in 1934 was not confined to the rural districts, but affected the professional and small trading classes in the towns and to a lesser extent the industrial workers, in spite of the continuance of the trade boom of the previous two years.<sup>2</sup> Foreign trade recovered almost to the point at which it had stood in 1928, the last pre-depression year, while industrial production was half as great again as in that year. An increase of 25 per cent. took place in the export of cotton piece-goods, and rayon exports expanded to an even greater extent, bringing Japan to the position of the World's greatest exporter of rayon goods. The increase in imports, however, which was due in no small part to purchases of material for munitions of war, exceeded the increase in exports; and the adverse balance of visible trade was greater than in the previous year. Manchuria, as an economic asset of immediate value, proved disappointing—a fact to be accounted for partly by natural misfortunes in the shape of an annual succession of unusually severe floods and partly also by the insistence of the military authorities upon a development policy directed towards strategic rather than purely economic advantages. The Manchurian industries in which the chief expansion occurred, including iron, coal and sulphate of ammonia, were to a great extent competitive from the home country's point of view, and the effects of their encouragement caused considerable perturbation which was given expression in debates in the Tokyo Diet.

<sup>1</sup> The lessening of the dependency of the Japanese peasantry on rice cultivation through state encouragement of wheat-growing progressed, however, in 1934, when the area under wheat showed an increase by nearly one-third over that in 1932—the year in which the Government had started their 'Five Year Wheat Plan'.

<sup>2</sup> This may be explained in part by the increased mechanization of Japanese industries, in part by the superabundance of labour available for industrial employment. Industrial depression in Japan did not show itself in the same automatic increase of urban unemployment as in the West, but rather in a contraction of the outlet for the overpopulated countryside and consequently in increased rural distress.

In spite, however, of the adverse trend of Japan's foreign trade, the exchange value of the yen in terms of sterling, to which it was for practical purposes linked, remained steady throughout the year 1934. The budgetary position improved to the extent of showing a reduction of the deficit to be covered by domestic borrowings in the financial year 1934-5 by rather over 100,000,000 yen as compared with the figure for the preceding year, while there was no considerable increase in the note circulation or abnormal increase in prices. Military expenditure was, however, still on the up-grade, the Army and Navy budgets together having risen by 90,000,000 yen, so that the aggregate figure now exceeded 1,000,000,000 yen.<sup>1</sup> The situation as a whole thus continued to give ground for considerable uneasiness and elicited from the Minister of Finance the significant warning that only the curtailment of unproductive expenditure—he was referring specifically to military spending and long-term investment in Manchukuo—could save the country from eventual recourse to monetary inflation.<sup>2</sup>

The immediate situation appeared, however, to be no more critical than a year before, and the Government were reported to have no anxiety about making the necessary provision for their one imminent foreign liability of serious proportions (apart from the cash payment of 40,000,000 yen due from Manchukuo to Russia for the purchase of the Chinese Eastern Railway), namely the 4½ per cent. Sterling Loan of the South Manchuria Railway which was to mature on the 1st January, 1936.

The foreign debt as a whole was not a matter of major consideration in the financial outlook, since the annual service on the outstanding debt as it stood at the end of 1934 was no more than about £8,000,000 when allowance was made for the large proportion of 'repatriated' bonds, and this was little more than 6 per cent. of the current public revenue. On the other hand, the steady growth of the internal debt, which in the course of the fiscal year 1934-5 was augmented, by Government borrowings of 820,000,000 yen, to a total of over 8,600,000,000 yen, and would be increased by a further 750,000,000 yen if the accounts for 1935-6 produced the deficit anticipated in the budget, forced the Minister of Finance to turn to

<sup>1</sup> Figures as given in the *Japan-Manchoukuo Year Book* (Tokyo, 1935, Japan-Manchoukuo Year Book Company).

<sup>2</sup> On a subsequent occasion Mr. Takahashi informed the Diet that the Government would not resort to artificial procedures to control the rate of exchange of the yen. 'The value of the yen', he added, 'is linked with sterling, but in the event of necessity can be attached to another currency.' (Reuter telegram from Tokyo in *The Times* of the 23rd March, 1935.)

other sources of funds for the balancing of the budget and to depart from the Government policy of abstaining from hampering industrial development by any increase of taxation. He now imposed an excess profits tax which was expected to yield a sum of 40,000,000 yen per annum.

The financial liability imposed by Manchuria upon Japan's national exchequer fell from 185,000,000 yen in the financial year 1933-4 to 160,000,000 in 1934-5, while the estimate for 1935-6 was 171,000,000. It was reckoned that something over one-half of this disbursement flowed back to Japan through trade or private channels, but it is noteworthy, as was pointed out in the 1933-4 report on economic conditions by the British Commercial Counsellor in Tokyo,<sup>1</sup> that the net transfer of funds from Japan to Manchuria was apparently considered by the Government as a part of Japan's payments on foreign account. 'This may be interpreted', Sir George Sansom observed, 'as evidence that a Japan-Manchuria economic bloc has not yet been constituted.'

The industrialization of Japan is important to the student of foreign relations for its bearing on two questions: Japan's vital national problem of providing for her increase of population, and the competition in world markets to which this gave rise between Japan and the Western industrial nations.<sup>2</sup> The present survey of Japan's internal affairs may therefore appropriately close with a short record of her progress in industrial development in the year 1934.

In spite of measures to curtail unrestricted production in a number of leading industries, factory production as a whole increased this year by 32 per cent. Figures covering the first nine months of the year showed the following rises in the production index: textiles, 11 points; chemicals, 10; pig iron, 24; and steel products, 34. The large increase in iron and steel manufacture<sup>3</sup> was a symptom of the attention which was being paid to the war-munitions industries and to the home production of engineering products, especially railway material, which were required for the development of Manchuria. Apart from the artificially stimulated heavy industries, the cotton and rayon industries were those which expanded most, the export of cotton cloth amounting in 1934 to over 2,500,000,000 yards (an

<sup>1</sup> *Economic Conditions in Japan 1933-4* (Department of Overseas Trade, No. 604).

<sup>2</sup> See the *Survey for 1933*, Part I, Section (ii) (h); and G. E. Hubbard, *Eastern Industrialization and its Effects on the West* (London, 1935, Oxford University Press).

<sup>3</sup> The Japanese steel output, which had doubled in quantity since 1926, was estimated in 1934 to have reached about 90 per cent. of domestic requirements.

increase of 25 per cent. over the figure for 1933) and that of rayon textiles to 350,000,000 yards (an increase of 33 per cent.). The resulting growth of Japanese competition and the restrictive measures to which this led in British colonial markets are dealt with in another section of this chapter.<sup>1</sup>

#### (iv) Relations between Japan, the Western Powers and China

On the occasion of Japan's notice of intention to withdraw from the League of Nations in March 1933, the Rescript issued by the Emperor, after setting forth the reasons, went on to declare that

For these reasons and because of the profound differences of opinion existing between Japan and the majority of the League in their interpretation of the Covenant and of other treaties, the Japanese Government have been led to realize the existence of an irreconcilable divergence of views dividing Japan and the League on policies of peace and especially as regards the fundamental principles to be followed in the establishment of a durable peace in the Far East.

Already, before this, the Japanese representative at Geneva, in the course of the proceedings dealing with the Manchurian question, had more than once adverted pointedly to this conflict of views between Japan and the other states members concerning the manner of achieving peace in Eastern Asia, and to the 'exasperating' lack of understanding of the Japanese view which was being shown in the European countries; and at the same time he had propounded the nature of this view, which was that Japan herself, acting on her own initiative as she had acted in Manchuria, was the only effective guarantor of peace. Such pronouncements as these wore, at the time, the appearance of being mainly an excuse for actions which had incurred general reprobation, and they therefore attracted no special attention—with the consequence that, although the portrayal of Japan as a nation endowed with a special pacificatory mission in Far Eastern affairs was a constant feature of Japanese public speeches and writings during the following months, the outside world gave little sign of being aware that Japan was setting herself in earnest to establish her new thesis. To overcome this lack of attention, the message would have to be repeated in louder and more arresting tones; and this became apparent to the Japanese authorities, who adopted the manner of Humpty Dumpty towards the inattentive fish.

I said to him, I said it plain,  
Then you must wake him up again.  
I said it very loud and clear:  
I went and shouted in his ear.<sup>2</sup>

<sup>1</sup> See section (iv) below.    <sup>2</sup> Lewis Carroll: *Alice Through the Looking Glass*.

In the spring of 1934 the Japanese successfully aroused the World by proclaiming their 'Monroe Doctrine for East Asia'<sup>1</sup> in a series of official speeches and semi-official *communiqués* and press interviews.

Already, in the first month of the year, the Foreign Minister, in his annual review of Japan's foreign relations delivered in the Diet on the 22nd January, had made Japan's responsibility for the maintenance of peace in East Asia the key-note of his speech. After alluding to the situation in China, he expressed the hope that she would unite with Japan in their 'obvious mission' to contribute to the peaceful development of their part of the World, while adding that the actual position might offer little encouragement for this hope, since there was no concrete evidence that the Chinese Government had realized the mistake of adopting an anti-Japanese attitude. Mr. Hirota concluded his speech by saying: 'We should not for a moment forget that Japan, serving as the only corner-stone for the edifice of the peace of Eastern Asia, bears the entire burden of responsibility'; and he expressed his conviction that 'eventually this position . . . will be rightly understood by the other Powers'.

The moderate and friendly tone in which Mr. Hirota referred to Japan's relations with the principal Western Powers served to divert attention abroad from this claim for Japan of a right to independent action in the affairs of China. The claim passed almost without comment, and it was not till three months later that the World was aroused to acute interest and concern by a statement to the press on Japanese policy which was delivered by the Foreign Office 'spokesman' on the 17th April. Notwithstanding subsequent attempts to explain away, or gloss over, the statement made on that occasion, it was never officially repudiated or retracted; and, subject to later additions and assurances given in the name of the Japanese Government, it still remained at the time of writing in 1935 the authorized exposition of Japanese policy in regard to the foreign relations of China.

Before dealing with the substance of the statement of the 17th April it will be well to review the Western activities in China which were the ostensible cause of its utterance. These activities consisted of proposals for loans to China, the sale of aeronautical equipment, the engagement of military experts and advisers, and the technical assistance supplied by the League of Nations experts who were attached to the Nanking Government.

<sup>1</sup> The phrase 'East Asia' adopted by Japanese official speakers in place of the more familiar 'Far East' was used, as reference to the context will show, to denote Japan, Manchukuo and China, which, in the Japanese view, formed—potentially at least—a single political entity.

As regards financial operations, newspaper reports had appeared a short time before concerning a scheme of Sino-foreign co-operation, through the medium of a financing corporation, for helping economic developments. The scheme had been elaborated by the Chinese Government with the help of Monsieur Jean Monnet, a French citizen who had been Deputy Secretary-General of the League of Nations in the early days of its existence, and who in his capacity as a private individual was invited by the Chinese Government to make a study of certain questions relating to the financial institutions in China concerned with the raising and lending of capital and as to the conditions for the future entry of foreign capital into China. A message from Shanghai to *The New York Times* had represented this Corporation as 'deliberately designed to counteract the growing Japanese dominance in the fields of commerce and investment' and as a device to circumvent the international banking Consortium Agreement<sup>1</sup> which assured to Japan the option of participating in loans granted to China. Simultaneously a report emanating from Moscow had announced that a loan from an international banking group was actually impending. When an official announcement came to be made regarding the China Development Finance Corporation,<sup>2</sup> it was shown that the group, which was entirely Chinese, had been formed 'to assist and collaborate in enterprises, private and public, for the development of commerce and industry for which long term credits are required'. The suggestion that the new Corporation had been created with the intention of excluding Japanese capital was, it became clear, entirely baseless: 'it is hoped', said the statement, 'that . . . the Corporation shall work as a business concern, non-political and non-discriminatory, at home and abroad'. The rumour of the forthcoming international loan was apparently equally baseless.

The American Wheat Loan of the previous year<sup>3</sup> was another financial arrangement which was to be cited later on as being objectionable to Japan—the ground of objection being that funds derived from the sale of the wheat had been used by the Chinese Government to purchase armaments. The charge, when repeated in the course of the American Senate inquiry into the arms traffic, was categorically

<sup>1</sup> See the *Survey for 1920-3*, Part VI, section (iii).

<sup>2</sup> Inaugurated in July 1934 with an initial capital of \$10,000,000 (Chinese) subscribed mainly by the leading Chinese banks. Later in the year a railway loan contract for \$16,000,000 was concluded between the Chinese Ministry of Railways on the one side and the new Corporation in partnership with the British and Chinese Corporation (a British Company) on the other. The China Development Finance Corporation aimed primarily at raising capital in China itself with the possible participation of foreign investment in particular enterprises.

<sup>3</sup> See the *Survey for 1933*, p. 469.

denied by the Chinese Minister for Foreign Affairs, and it was also controverted by the correspondent of *The Times* in China.<sup>1</sup>

Military assistance to China furnished a more substantial ground for subsequent Japanese protests. The Nanking Government, in their efforts to create an air force—an essential instrument, as they afterwards pointed out, for policing a country so large and so deficient in means of military transport—had not only entered into large purchases of aeronautical equipment, but had also engaged the services of a considerable number of foreign experts and instructors. Part of the funds accruing from the remission of the Italian share of the Boxer Indemnity were applied to maintaining an Italian Air Mission at the head-quarters of General Chiang Kai-shek, as well as to meeting the expense of an aviation centre which had been established at Nanchang. The United States had provided China with aircraft, including as many as seventy fighting planes as well as other machines for observation, bombing and training. The Curtis-Wright Company had, earlier in the year, contracted to erect an aeroplane factory to be operated with the help of American engineers. Furthermore, it was with American assistance that a large aviation base had been set up at Hangchow with a school for military pilots attached—a retired colonel of the United States Air Corps acting as superintendent. On the side of civil aviation, the principal long-distance air routes of China were operated by two Sino-foreign corporations,<sup>2</sup> each with a 45 per cent. share of foreign capital and with foreign operating pilots. In the one case the foreign interest was American, in the other German.

Germany had also provided China, for several years past, with military advisers, including not a few eminent senior officers of the old Imperial Army;<sup>3</sup> and in April 1934 a former head of the Reichswehr, General von Seeckt, succeeded to the appointment of chief military adviser to the Government at Nanking. Minor advisory and technical posts, under both the Central Government and the Government at Canton, were occupied by officers of other nationalities, including two naval instructors lent by the British Government.

Meanwhile, the work of the League of Nations' technical co-

<sup>1</sup> See *The Times* of the 3rd September, 1934. The Wheat Loan was stated in the biennial financial statement issued in May 1935 by the Chinese Minister of Finance to have yielded \$38,000,000 (Chinese) net, of which \$15,000,000 was allocated to currency reform and \$12,000,000 was entrusted to the National Economic Council. The Council, on the 27th March, 1934, decided to spend \$6,000,000 of this on aviation.

<sup>2</sup> The China National Aviation Corporation and the Eurasia Aviation Company. <sup>3</sup> See the *Survey for 1928*, p. 397; the *Survey for 1929*, p. 300.

operation with China, of which the development has been traced in an earlier volume of the *Survey*,<sup>1</sup> reached an important stage in the month of April 1934, when Dr. Rajchman, the Technical Agent of the League Council, completed his report on his mission to China recommending lines for future assistance, and delivered a copy of the document to the Nanking Government before starting on his return to Geneva. In view of the definite objection raised by Japan to the League's technical assistance to China, it may be noted, firstly, that a major part of the experts' work had been devoted to the development of communications in China—a matter which might be assumed to possess a particular interest in Japanese eyes owing to its military significance—and secondly, that Dr. Rajchman had acquired in Japan a reputation of being antagonistic to that country and of having engaged in political activities in China in a manner detrimental to Japanese interests.<sup>2</sup>

Such were some at least of the 'foreign activities' in China which provided the occasion of the Japanese pronouncements of policy in the month of April 1934. What other considerations determined the issue of these pronouncements at this particular date must remain a matter of conjecture, but it is perhaps a significant fact that they synchronized with the holding of a conference at Nanchang at which the Chinese political leaders were understood to be engaged in discussing the orientation of Chinese policy towards Japan on the one hand and towards the League of Nations on the other.<sup>3</sup> With the decision between alternative lines of Chinese policy thus hanging in the balance, the choice of this moment for the issue of a Japanese *caveat* against foreign assistance to China finds a credible explanation.

If, in making their declaration at this moment, the Japanese were acting with a view to its effect upon China, its effect upon other Powers was clearly a matter in which they felt the need of showing caution. The method of procedure was, in fact, a singularly perfect example of the diplomatic device of sending up *ballons d'essai* to test the strength of outside opinion. The first of these was released in

<sup>1</sup> See the *Survey for 1933*, pp. 469-70, 516-17.

<sup>2</sup> It was perhaps not surprising that the Japanese dislike of all activities of the League in China should have centred upon the person of the League's Technical Agent. Dr. Rajchman's report referred in general terms to the benefits to be hoped for from co-operative action and recommended certain forms of League association with China, including experimental researches into Chinese problems by foreign specialists and the extension of advice and assistance to the National Economic Council in China in the development of technical services. The Committee of the League on co-operation with China adopted the report and referred the suggestions to the League's Technical Organizations.

<sup>3</sup> See *The Times* of the 11th April, 1934.



the shape of a statement to the press on the 10th April by Mr. Amau, the Chief of the Intelligence Department of the Japanese Foreign Office, who was commonly referred to as the 'Foreign Office Spokesman'. Mr. Amau told his listeners that his Department desired that foreigners should know that Japan was absolutely opposed to foreign interference in China in any form whatever and would oppose any new plans of international co-operation with China. Schemes of technical assistance were apt, Mr. Amau said, to lead on to intervention in China's affairs and so to prolong the state of confusion prevailing in that country.

This *démarche* having attracted little notice abroad, it was followed a week later, on the 17th April, by a further statement by Mr. Amau to the vernacular newspapers. Reproducing the phrases in Mr. Hirota's speech affirming Japan's special responsibility and 'mission' for the preservation of peace in Eastern Asia, this second statement repeated the declaration, made earlier in the month, that Japan was opposed in principle to foreign joint undertakings in China, even if undertaken in the name of technical or financial assistance. Harmless negotiations on matters of trade or finance by individual countries were exempted from the scope of the statement, but Japan was definitely stated to object to the supply of aeroplanes, the construction of aerodromes, the lending of military experts and the granting of loans for political purposes. The declaration appeared from its phraseology to be addressed both to China, as recipient, and to other Powers, as actual or potential providers, of these forms of assistance.

An authentic translation of the statement was at first lacking but was later supplied by the Japanese Foreign Office for the use of the British Government, and this was communicated to the House of Commons by Sir John Simon on the 23rd April. The document proved to run as follows:

Owing to the special position of Japan in her relations with China her views and attitude respecting matters that concern China may not agree in every point with those of foreign nations; but it must be realized that Japan is called upon to exert the utmost effort in carrying out her mission and in fulfilling her special responsibilities in East Asia. Japan has been compelled to withdraw from the League of Nations because of their failure to agree in their opinions on fundamental principles of preserving peace in East Asia. Although Japan's attitude towards China may at times differ from that of foreign countries, such difference cannot be evaded owing to Japan's position and mission.

It goes without saying that Japan at all times is endeavouring to maintain and promote her friendly relations with foreign nations, but at the same time we consider it only natural that to keep peace and order in East Asia we must even act alone on our own responsibility, and it

is our duty to perform it. At the same time there is no country but China which is in a position to share with Japan the responsibility for maintenance of peace in East Asia.

Accordingly, unification of China, preservation of her territorial integrity, as well as restoration of order in that country, are most ardently desired by Japan. History shows [that] these can be attained through no other means than awakening and voluntary efforts of China herself.

We oppose, therefore, any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan; we also oppose any action taken by China calculated to play[off] one Power against another. Any joint operations undertaken by foreign Powers even in the name of technical or financial assistance at this particular moment after Manchurian and Shanghai incidents are bound to acquire political significance. Undertakings of such nature, if carried through to the end, must give rise to complications that might eventually necessitate discussion of problems like division of China which would be the greatest possible misfortune for China and at the same time would have most serious repercussions upon Japan and East Asia.

Japan therefore must object to such undertakings as a matter of principle, although she will not find it necessary to interfere with any foreign country negotiating individually with China on questions of finance or trade as long as such negotiations benefit China, and are not detrimental to peace in East Asia.

However, supplying China with war aeroplanes, building aerodromes in China, and detailing military instructors or military advisers to China or contracting a loan to provide funds for political uses would obviously tend to alienate friendly relations between Japan, China and other countries and to disturb peace and order in Eastern Asia. Japan will oppose such projects.

The foregoing attitude of Japan should be clear from the policies she has pursued in the past, but on account of the fact that positive movements for joint action in China by foreign Powers under one pretext or another are reported to be on foot, it was deemed not inappropriate to reiterate her policy at this time.

In amplification of this statement of the 17th April, Mr. Amau on the following day informed foreign journalists that it rested with Japan to determine whether foreign aid to China was, or was not, of a nature to imperil peace and order. 'We must be the judges', he said. He denied that in taking this attitude the Japanese Government were acting in conflict with treaties, but added that treaties are susceptible of varying interpretations.<sup>1</sup> He affirmed at the same time that Japan did not seek to close the Open Door or to disregard the Nine-Power Treaty.

<sup>1</sup> An insistence that treaty provisions must be applied with regard to the state of affairs prevailing at any given moment, and must be modified accordingly, was a prominent feature of the Japanese case concerning the Manchurian question during the discussions at Geneva in 1932 and 1933 (see p. 658, below).

The next few days saw a spate of statements, *communiqués* and interviews on the part of Japanese diplomatists, accompanied by copious comment in the Japanese and foreign press. While the Foreign Office at Tokyo asserted that the Amau Statement was no more than an amplification of the Foreign Minister's remarks in his Diet speech, the *Asahi* newspaper frankly described it as an 'epoch-making departure whereby Japan abandons her former policy of co-operation with the West in China', and as 'inaugurating a policy based on the principle that Eastern Asian affairs should be settled by Japan and China alone'. On the 22nd April the Japanese Ambassador in Washington, Mr. Saito, was reported in *The Washington Star* as having stated that Japan, while contemplating no interference with legitimate foreign business, did wish to be consulted before any new transactions were concluded, and that a disregard of this desire would be considered an unfriendly act. The new aerodromes and aeroplanes, Mr. Saito was quoted as saying, were undoubtedly intended for eventual use against Japan. 'Other nations do not understand China; consequently Japan must act and decide alone.'

The application of the phrase 'unfriendly act' was later rectified by Mr. Saito, who explained that he had said no more than that Japan desired to be consulted, and that it would constitute an unfriendly act if any Power intentionally took action which might have the effect of increasing the unrest in China or of inciting China to defy Japan's peace-safeguarding policy.

After a Cabinet meeting at Tokyo on the following day, the Rengo Agency, which was usually regarded as the Japanese Government's mouthpiece, declared that the Japanese Government did not depart from the policy expressed in the 'Amau Statement'—which, it repeated, merely amplified Mr. Hirota's earlier speech. The Rengo statement (which was later described as 'unauthorized') added that Japan would not object to assistance to China of a cultural or non-political character financed by remitted Boxer Indemnity funds, or to other economic arrangements which might be free from political import.

A similar tendency to tone down the acerbity of the statement made by Mr. Amau on the 17th April and to modify some of its claims appeared in a press interview which was given on the 21st April by the Japanese delegate to the Disarmament Conference at Geneva. He assured his hearers that Japan did not mean to tamper with the principle of the Open Door in China, though she wanted the Powers 'to admit that Japan has a peculiar competence in Chinese affairs'. On the 23rd Mr. Yokoyama supplemented this with a

second statement to the press in which, while disclaiming any intention on Japan's part to establish a tutelage over China, he said that she claimed the right to oppose any foreign loan to China, or foreign help to China of any kind, which might, in Japan's opinion, disturb the maintenance of peace and order. Japan would, however, acquiesce in League aid to China if this were 'well used'.

Again, on the 20th April the Japanese Ambassador in Berlin gave a statement to a German newspaper on Japanese world policy in which he complained that the League ignored the conditions existing in the Far East and Japan's special position in relation to these conditions.

Ten days later again, on the 4th May, the Japanese Foreign Minister delivered a speech, which was fully reported in the press, to a conference of Prefectural Governors in Tokyo. On this occasion Mr. Hirota, after laying stress once more upon his country's mission to preserve peace and order, went on to say that Japan desired China's integrity, unification, prosperity and progress, but that these ideals must be attained by China's own efforts, not by gratuitous outside help, and that Japan could not be indifferent to any third-party action complicating Sino-Japanese relations. He intimated that China was showing signs of a better appreciation of Japanese motives, and that an understanding was nearer. Existing treaties would be respected, and the Japanese Government were willing, if necessary, to exchange views concerning treaty rights and interests with individual Powers; but they considered it unwise to recreate the situation which had been encountered at Geneva when the Powers in Council and Assembly had rejected Japan's views on the question of Eastern Asia.

Japan's 'mission' was referred to once again in the inaugural speech of Admiral Okada, the newly appointed Prime Minister, on the 20th July, when he declared that Japan would leave nothing undone for its fulfilment.

Disentangled from the network of statements, 'amplifications' and corrections that were emitted by Japan's official and semi-official spokesmen between the delivery of Mr. Hirota's speech on the 22nd January and the last week of April, the position taken by Japan, as expounded to the World, appeared to be substantially as follows. On the score of being 'the stabilizing force in East Asia', Japan claimed to possess and exercise, in partnership with China, a trusteeship for the maintenance of peace and order in that area, and for this purpose she regarded herself as possessing peculiar responsibilities and rights. On the ground that peace and order were liable to be endangered by

foreign assistance to China, she opposed in principle the granting of such assistance in the form of 'joint' or collective action—e.g. by the League of Nations—notably in the matter of loans. Other forms of assistance to which specific objection was taken were the supply of material for aeronautical development and the engagement by China of foreign military experts. Japan was to be the arbiter as to whether a threat to peace and order was involved in particular cases, and the World was warned to expect positive action—presumably in the form of Japanese pressure on China—for putting a stop to any Sino-Western transactions which might fall under the Japanese ban. Furthermore, Japan demanded to be consulted before any new transactions between China and any third party were entered into.

It has already been shown that this insistence upon Japan's 'special mission' for the preservation of regional peace, and the implication of a diversity of view between herself and other nations as to the conditions on which peace depended, were not, in themselves, new departures. The new element in the statements made in 1934 was the indication to the World of the particular developments in China which constituted a threat to this peace in the Japanese view. The military strengthening of China was included in this category, on the ground that China's military strength was intended to be directed eventually against Japan. Loans were a threat to stability because in present conditions they served to increase the financial disorder of the Chinese Government.<sup>1</sup> Other foreign activities, even of a purely non-political nature, were designated as threats, on the ground that they were apt to culminate in foreign intervention in China's affairs and so to create a danger to peace.

The nature of this danger to peace as conceived by Japan was not clearly revealed, but the statements on the subject indicated that she feared developments in two contrary directions: a constructive development tending to create a militarily strong China who would be capable of opposing Japan by force of arms; and an anarchic development in the shape of a further disintegration of Chinese politics and finance. To exorcize these fears, the Japanese Government proclaimed what amounted to a right of veto over China's foreign relations.

Her 'mission', which Japan invoked as a warrant for taking matters into her own hands, was derived, in the minds of her spokesmen, from the 'territorial propinquity' and 'special interests in East

<sup>1</sup> The Japanese press invoked as a further objection the existence of the unpaid Nishihara loans.

Asia' on which Japan had in the past rested many of her claims and which had received passing recognition in the Lansing-Ishii Agreement of the 2nd November, 1917. As a means of justifying imperialistic action it bore a resemblance, which could hardly fail to escape the notice of the neutral observer, to the British habit, in the 'Kipling' period at the turn of the last century, of emphasizing the moral aspects of empire-building; and echoes of 'the white man's burden' doctrine were audible in the Japanese assertions that Japan was the natural dispenser of peace and order to a distracted China. This claim, and the assumption that international attempts to assist China were useless, if not mischievous, and that Chinese reconstruction depended upon Japanese collaboration alone, would have had a better chance of being—to use Mr. Hirota's phrase—'rightly understood by the other Powers' if, in embarking on her 'mission', Japan had chosen other instruments of pacification than the bombing aeroplanes which had obliterated the Chapei district of Shanghai two years earlier.

Japan's action in Manchuria in 1931 had constituted a challenge to two classes of international agreements: first those, represented by the League Covenant and the Kellogg-Briand Pact, which restricted the right of the signatories to have recourse to force for the settlement of disputes; and secondly that, represented by the Washington Nine-Power Treaty, which bound the signatories to observe China's integrity and, as among themselves, to respect the principle of the Open Door and of 'equal opportunity', to refrain from monopolistic action and to act in consultation in emergencies. This second class of international agreements was challenged anew in words, though not in action, by Japan's declaration of policy in 1934. The challenge could not be ignored by the Powers who had acted both individually and in concert three years before.

The Chinese Government, who were the most closely concerned of all, confined themselves to issuing an informal statement, denying the right of any state to claim exclusive responsibility for the maintenance of peace,<sup>1</sup> and a subsequent declaration<sup>2</sup> reaffirming China's adhesion to the League Covenant and the Washington Treaties and refusing to admit interference or control from any quarter in the matter of China's foreign relations. A much stronger tone was allowed to appear, however, in press interviews given by China's diplomatic representatives abroad. The Minister in Geneva, for instance, was reported to have interpreted the situation as implying

<sup>1</sup> See *The Manchester Guardian* of the 20th April, 1934.

<sup>2</sup> This declaration was issued on the 26th April, 1934.

a Japanese claim to the right to supervise China and to exercise a veto over the whole of her national life.

Apart from China, the responsibility for taking the initiative in clearing up the situation evidently lay with Great Britain and the United States. In 1932 it was the latter Power that had taken the first step in the despatch of the Stimson Note of the 7th January, championing the sanctity of treaties and refusing recognition of any arrangements impairing treaty provisions, including the provisions guaranteeing China's integrity.<sup>1</sup> On that occasion the British Government, acting under influences which were examined in some detail in the *Survey for 1932*, failed to respond to Washington's lead and were content to reserve their position in respect to the Open Door and 'equal opportunity'. The British Foreign Secretary accepted, at the time, the Japanese declaration of support for these principles as applied to Manchuria and the assurances given by the Japanese Ambassador in London of Japan's intention to respect these principles and those of the Nine-Power Treaty. On this second occasion the American State Department showed less readiness than before to take the initiative. In the words of one of the leading American publicists of the day,<sup>2</sup> 'We used our moral influence in 1931, but the plain truth is that there was little support from Great Britain or France or Russia.' Thus in 1934 it fell to the British Foreign Office to make the first move in Tokyo; and on the 25th April the British Ambassador there addressed a 'friendly inquiry' to the Japanese Government regarding the meaning to be given to the Foreign Office statements. This inquiry was accompanied by a reminder that under the Nine-Power Treaty Japan could not possess special rights except such as were recognized by other Powers, and that, in particular, the British Government could not recognize Japan's right to decide alone whether any action in the nature of the provision of technical or financial assistance was a danger to the peace and integrity of China. His Majesty's Government must, it was stated, continue to enjoy all rights common to the signatories of the treaties 'or otherwise proper'; and, since it was the aim of British policy to avoid dangers to the peace and to the integrity of China, the anxieties expressed by Japan could not apply to the United Kingdom. Finally, Japan was already provided with safeguards in her right to consult other Powers in emergencies as stipulated in the Nine-Power Treaty.

The text of the reply to the representations made by Sir Francis Lindley was withheld from the public. The substance was given,

<sup>1</sup> See the *Survey for 1932*, p. 540.

<sup>2</sup> Mr. Walter Lippman as reported in *The Observer* of the 29th April, 1934.

however, to the House of Commons at Westminster by Sir John Simon on the 30th April. It was to the effect that the British Government were correct in assuming that the Japanese statement of policy was not intended in any way to trespass upon the common rights of other Powers or to override Japan's own treaty obligations. There was a promise that Japan would observe the provisions of the Nine-Power Treaty, and the somewhat enigmatic statement was made that 'the policy of the two Governments in regard to the treaties coincided'. Further, Japan was represented as continuing to attach the greatest importance to the Open Door in China, and the acceptance of that policy was reaffirmed. On this reply the British Secretary of State remarked that it seemed 'reasonably clear'; and he announced that the Government of the United Kingdom were prepared to leave the question where it stood.

Special note was taken, in a Japanese Foreign Office *communiqué* issued two days later, of the assurance given by the British Ambassador of Great Britain's avoidance of activities likely to disturb peace. To borrow the words of the correspondent of *The Times* in Tokyo, 'the incident thus ends with Japan politely but immovably asserting her primacy of interest in developments in China and indicating certain specific foreign activities to which she objects'.

The American Ambassador at Tokyo presented a note to the Japanese Government four days after his British colleague's *démarche*. By this note the American Government reaffirmed their position regarding treaty rights and interests and reminded the Japanese Government that foreign relations with China were governed by international law and treaties, and that the latter could only be modified by mutual arrangement. 'In the opinion of the American people', the note continued, 'no nation can without the consent of the other nations concerned rightly endeavour to make conclusive its will in a situation where there are involved the rights, obligations and legitimate interests of other sovereign states.'

The American communication elicited no reply, and the Japanese Foreign Office allowed it to be known that in their opinion the question could be considered as closed. This view was apparently concurred in by the other Governments concerned, though both France and Italy addressed communications to the Japanese Government and received answers substantially similar to those which had been vouchsafed to London. It remained only for certain members of the House of Commons at Westminster, in the course of a debate which took place on the 18th May, to register their doubts as to the position in which matters had been left. Speaking for the Labour Opposition,



Sir Stafford Cripps complained that His Majesty's Government were allowing Japan to persist in the breach of her obligations under both the League Covenant and the Nine-Power Treaty. To this the Foreign Minister replied that he had obtained Japan's solemn assurances of her respect for these treaties and could do no more, short of declaring 'we don't believe you'. He added that Great Britain was, in any case, under no obligation to apply sanctions nor pledged to use her forces in order to preserve the integrity and political independence of China.

We have followed chronologically the steps taken by Japan in order to stake out a claim to Japanese primacy in East Asiatic affairs. If the record is somewhat detailed, the reason lies in the fact that the claim implied a radical change in the regional *status quo* from an international standpoint. Since the conclusion of the Washington Treaties, the agreed basis of international relations as touching affairs in China had been strict equality and the renunciation of all claims to monopoly or special rights.<sup>1</sup> The paramount position now claimed by Japan meant a complete reversal of established principles. It could, it is true, be held that the change was implicit in the growth of Japan's strength in relation to that of other Powers—an alteration of ratio which was due not only to Japan's economic and military development but equally to the preoccupations at home which tied the hands of other Powers with interests in the Pacific. Japanese apologists might maintain that, in enunciating the doctrine of special responsibilities and rights, Japan was doing no more than inviting tacit acceptance of a *de facto* situation, which the World could not reasonably deny so long as, in international affairs, the possession of power was a recognized factor for determining the influence to be exercised by an individual country. Such a line of reasoning was in keeping with the repeated assertions by Japanese spokesmen that international agreements respecting China must be interpreted in accordance with the existing state of facts.<sup>2</sup> The Japanese Government's assurances to the British and to other Governments that their statement of policy in April was consistent with their respect for the Nine-Power Treaty could hardly bear any logical meaning unless taken in conjunction with reservations of this kind in regard to the interpretation of treaties. No method of interpretation could, how-

<sup>1</sup> It is pertinent to note, however, that Japan consistently complained of being denied equality in other fields: e.g. naval limitation ratios and immigration laws.

<sup>2</sup> See the Japanese reply to the Stimson Note and the statement of the Japanese notice of intention to withdraw from the League of Nations (the *Survey for 1932*, p. 545, and the *Survey for 1933*, p. 515).

ever, have reconciled the clauses of the Nine-Power Treaty for the preservation of China's integrity with the action which Japan had already taken towards that country in 1931-3; and it is the further development of the relations between these two countries in the year under review that must next occupy our attention.

Japanese military action in the North had come to an end, as previously recorded,<sup>1</sup> with the signature in May 1933 of the Tangku Armistice Agreement establishing a neutral demilitarized zone along the Great Wall. Although in 1934 there was no serious fighting, it was the military situation on the Manchurian border which dominated Sino-Japanese relations in North China, where the conduct of these relations remained primarily in the hands of the respective military authorities. The neutral zone itself provided a fruitful source of disputes. There were frequent complaints from the Japanese side that the Chinese authorities were failing to restrain the activities of irresponsible armed bands acting inside the zone, and there were counter-complaints of Japanese military encroachments. In January Japanese troops occupied Lungmensu, one of the western passes through the Great Wall; but these troops withdrew again soon afterwards. In the following month a Japanese force was reported to be massing on the Jehol-Chahar frontier and to have expelled Chinese troops from a district outside the Great Wall which the Japanese military authorities claimed as part of Jehol. The Japanese were stated also to have constructed an aerodrome between Dolonor and Kalgan and to be building military roads inside the Chahar<sup>2</sup> border.

At the same time, however, progress was being made towards a return to stabilized conditions by the rendition to China, on the 10th February and the 4th March respectively, of the frontier towns of Shanhaikwan and Koupeikou, by the resumption of through-traffic on the Peking-Mukden Railway on the 6th June,<sup>3</sup> by the completion towards the end of the year of postal arrangements between China and Manchukuo, which became operative after the end of the year, and by the opening in August and September of customs stations at some of the Great Wall passes. These last three developments were of the nature of concessions to Japan; and the decisions in respect of them were taken after, and doubtless as a result of, the

<sup>1</sup> *The Survey for 1933*, p. 481.

<sup>2</sup> In view of Japan's dependence on China as a source of iron-ore (she was taking about half the ore produced in the country and virtually the whole of the exports), it is not without interest to note that Chahar contained iron-ore reserves estimated at 40 per cent. of the total reserves in China. Mines at Lungyen were being worked for some years after 1923 by a Chinese semi-governmental corporation.

<sup>3</sup> See the *Survey for 1933*, p. 482, note.

Nanchang Conference, referred to above,<sup>1</sup> at which the question of the national policy towards Japan was debated by China's political leaders. It was, however, only a partial surrender, for care was taken that the arrangements for resumption of traffic should be without prejudice to the major issue of the recognition by China of the state of Manchukuo.<sup>2</sup> Upon this question the Chinese remained firm, resisting the inducement offered by the prospect of being released from the onerous conditions of the Tangku Armistice Agreement, which the Japanese military authorities were—so it was said—determined to prolong as a lever for obtaining recognition.

Throughout the rest of China few developments of note took place, outwardly at least, in Sino-Japanese relations. The mysterious disappearance in June of the Japanese Vice-Consul at Nanking under suspicions of foul play caused a moment of serious tension which was fortunately removed by the discovery at the end of a week that the officer had hidden himself in a cave near Sun Yat-sen's tomb in a fit of mental aberration. Anti-Japanese activities were the subject of numerous complaints by the Japanese authorities and of demands upon the Chinese Government to take suppressive measures. Possibly as the result of such measures, an improvement took place which was subsequently acknowledged by the Foreign Minister in Tokyo in his annual speech on foreign affairs in the Diet. The boycott of Japanese goods was reported to have almost died out, in North China at least,<sup>3</sup> and Japanese ships on the Yangtse were able in the summer of 1934 to resume their services to ports on the upper river, which had been suspended since 1931. A move was also made towards clearing up one of Japan's long-standing grievances, namely the disregard of loan obligations by the Chinese Ministry of Finance, with reference especially to the series of semi-political loans made to the Government at Peking during the Great War and known collectively as the Nishihara loans.<sup>4</sup> In the case of two, the Paot'ou Extension Loan and the Telegraph Loan, the conclusion of funding arrangements was reported in the course of the year.

It was in such comparatively minor matters that there was to be found the only public manifestation of attempts by Japan to impose her will on China or to exercise those rights of supervision and veto

<sup>1</sup> On p. 649.

<sup>2</sup> E.g. the Chinese agreed to the postal exchange only on condition that neither letters nor stamps should bear the inscription 'Manchukuo'. Special stamps were consequently issued.

<sup>3</sup> In 1934, although Japanese exports to China diminished slightly in value, Japan's share in the total of imports into China increased from 9·7 per cent. in 1933 to 12·2 per cent.

<sup>4</sup> See the *Survey for 1925*, vol. ii, p. 374.

which, according to the view of some of China's representatives,<sup>1</sup> were implied in the statements of policy promulgated in the spring of 1934. Circumstantial evidence of Japanese assertiveness was, however, discernible in more directions than one; and it would not be unreasonable to suggest that the general warnings contained in the Japanese statements emitted in April against the supplying of technical aid to China (which were subsequently reinforced by representations made at Geneva concerning the risks of misuse of the assistance proposed in the Rajchman report) were at least a contributory cause of the non-appointment of a successor to Dr. Rajchman as the League's Technical Agent in China.<sup>2</sup> To what extent covert pressure in Chinese internal affairs may have been exerted on the Central or regional Governments could only be a matter of conjecture, and observers were left free to speculate on the underlying causes of the significant change of tone which began towards the end of the year to become observable in Chinese public utterances dealing with relations with Japan. For the most striking example of this change it is necessary slightly to overstep the limits of the period under review and to refer to an address which Mr. Wang Ching-wei, the Chairman of the Executive Yuan, delivered in February 1935 to the Chinese Central Political Council. Mr. Wang is reported to have said that China was willing 'to maintain and promote friendly and peaceable relations with any country, not to mention a neighbour like Japan, whose geographical, cultural and racial relationship with this country is so close'; to have gone on to refer to certain words of the late Dr. Sun Yat-sen in which he had urged the peoples of China and Japan 'to work hand in hand and co-operate for the welfare of both countries'; and to have concluded with the expression of the hope 'that the close friendship between the two countries entertained by our late Party Leader may be realized'. Simultaneously Dr. Wang Chung-hui, the eminent Chinese jurist and member of the Permanent Court of International Justice at the Hague, who was visiting Tokyo as an unofficial ambassador and had had discussions with the Prime Minister, with Mr. Hirota and with the Minister of War, was giving voice openly to the Chinese wish for a Sino-Japanese *entente*. 'We desire', he told the representatives of the press, 'co-operation in every field, economic and political. The friendly help of the Japanese people is earnestly requested. We want to study the concrete measures with Japan.'

<sup>1</sup> See pp. 655-6, above.

<sup>2</sup> Although the post was not filled, Dr. Haas, Chief of the Communications and Transit Section of the League, was later despatched to China to advise in these departments of public work.

Finally, General Chiang Kai-shek, who in January 1935, for the first time since 1931, had had personal interviews with Japanese diplomatic and military officials, was likewise said to have told the Japanese Minister that, as an adherent to the principles of Dr. Sun Yat-sen, he was never willingly anti-Japanese, though remarking that 'unhappy events' had of late defeated efforts at co-operation. The Japanophile policy of Dr. Sun Yat-sen and his vision of a Greater Asia had, it is pertinent to add, figured prominently in recent Japanese pronouncements on Sino-Japanese relations, and it was clear that those Japanese who aimed at the attainment of their national aims by conciliatory rather than coercive methods were counting upon an appeal to pan-Asianism and to Chinese veneration for the 'Father of the Republic'.

In Japanese-American relations the feature which engaged particular attention in the *Survey for 1933* was the intensification, through naval rivalry, of the state of tension between the two countries which Japan's action in Manchuria had created. The withdrawal of the American fleet from the Pacific to the Atlantic early in 1934 had somewhat ameliorated the position; and advantage was taken of the opportunity afforded by the arrival of a new Japanese Ambassador to the United States to mark the improvement by an exchange of special messages of amity between the Ministers responsible for the conduct of foreign affairs in Tokyo and in Washington respectively. Mr. Hirota, in a communication dated the 21st February, laid stress on the commercial interdependence of the United States and Japan arising from the complementary nature of their trade,<sup>1</sup> and went on to state his conviction that 'there was no question between the two countries fundamentally incapable of amicable solution' and that a satisfactory settlement could be found of all pending issues. To this Mr. Hull replied on the 3rd March by concurring with the sentiments expressed by his Japanese colleague and adding that, if unhappily any controversy should arise, the United States Government would be ready to examine the position of Japan in a spirit of amity, trusting that the Japanese Government would act likewise.

In spite, however, of this display of friendly sentiments, there were few signs of any modification of the essential factors which exacerbated the relations between the countries. The American attitude towards Japanese political expansion in Eastern Asia had been clearly defined in Mr. Stimson's speech to the Union League Club in October

<sup>1</sup> The United States was Japan's best customer for her staple export of silk; Japan was the greatest purchaser of American raw cotton, of which she bought more than Great Britain, France and Germany combined.

1932;<sup>1</sup> and American support of the League of Nations' non-recognition policy in regard to Manchuria, and the appointment of an American member to the League's Far Eastern Advisory Committee, showed clearly enough that there was no likelihood of any weakening of feeling in this respect.

The American reaction in the month of April to the 'Japanese Monroe Doctrine' has already been recorded. The official response to the Japanese Foreign Office statement was of an anodyne nature, but public opinion was considerably roused; and, when later in the summer Japan made plain her intention to break with the naval ratios established by the Washington Treaty and to claim equality in naval armaments,<sup>2</sup> American sentiment towards Japan decidedly hardened. The change in feeling since the time of the Hirota-Hull correspondence in the early months of the year can be gauged by a message sent to *The Times* by its correspondent in Washington on the 20th October affirming that: 'it would be difficult to exaggerate the gravity with which the present condition of relations between Japan and the United States is considered in official circles here.'

Although this state of affairs had arisen primarily over the naval issue, there were other contributory causes. One of these, which was perhaps more significant in its possible future implications than in its immediate effect, was the spreading to the United States of the contagion of resentment against Japanese trade competition which had become so important a factor in Japan's relations with the industrial countries of the West. A considerable agitation was set on foot against Japan's export to the United States of cheap cotton fabrics competing with the products of the American mills, in spite of the fact that Japan was simultaneously providing the best foreign market for the cotton produced by the Southern States and that imported Japanese piece-goods were, in any case, an almost negligible factor in American consumption.

A more serious cause of American discontent was the treatment accorded to the great American oil companies under legislation enacted in Japan and Manchuria in 1934. On the 1st July a new law, entitled the Petroleum Industry Law, came into operation in Japan, Dairen and Korea which required foreign oil companies to maintain a six months' supply in the country and to provide the necessary storage, while at the same time it gave to the Japanese

<sup>1</sup> See the *Survey for 1932*, p. 557.

<sup>2</sup> The chapter in the history of naval armaments which opened with the preliminary conference in London in the autumn of 1934 is reserved for treatment in the *Survey for 1935*.

Government price-fixing powers and thus deprived the companies of any security as to future sales. The law also placed quota limitations upon petroleum imports and enabled the Government to give preference to companies using native oil. Representations on behalf of their nationals were made by the American, British and Netherlands Governments, and negotiations were still in progress at the end of the year. In the case of Manchukuo a comprehensive Government oil monopoly was set up with the object of exploiting local resources, bringing the refining process into the hands of the nationals of the country, and instituting Government control over the marketing of oil products. The law establishing the monopoly, its effect upon foreign enterprises and its relation to the Open Door doctrine are dealt with in a subsequent section of this chapter.<sup>1</sup> Here it is enough to mention that American interests predominated to the extent of over 50 per cent. in the petroleum trade in Manchuria—a market which was of very considerable importance, especially for the sale of kerosene oil. Consequently the curtailment of foreign business in this field affected American interests principally, and the controversy which resulted made a material addition to the unfriendly feeling which, as we have seen, was already clouding American-Japanese relations.

Anglo-Japanese relations in 1934 contained the same principal ingredients as the relations between Japan and the United States, though in somewhat different proportions. Engrossed in the European situation, the British public remained comparatively indifferent to Japan's move in claiming a special position in Eastern Asia. Her claim to naval parity woke a keener interest in a nation which had been educated to look on its foreign relations largely in terms of sea-power, and which was particularly alive to strategic questions in the Far East in consequence of the political controversy at home which had given prominence to the plans for the Singapore Naval Base.<sup>2</sup> But if we consider Japan's relations in this year with the British Empire as a whole we may come to the conclusion that the developments which commanded the greatest attention were those concerned with trade. The significant growth and nature of competition from Japan, particularly in cotton textiles, were dealt with in some detail in the previous volume of the *Survey*.<sup>3</sup> By the beginning of 1934 Japan's 'drive for new markets'—partly under the

<sup>1</sup> Section (vi) (a).

<sup>2</sup> With regard to the Singapore Base it is interesting to note that in a speech in the Diet on the 13th March Mr. Hirota made the observation that in his opinion it 'provided no ground for suspicion'.

<sup>3</sup> The *Survey for 1933*, Part I, section (ii) (h).

impulse of the contraction of her trade with her chief customers, the United States and China, and partly in pursuance of her general policy of increased national industrialization—was making itself acutely felt in British Empire markets, especially in India, Malaya and East Africa.<sup>1</sup> In the case of India an agreement to regulate textile imports had been successfully negotiated, as recorded in the previous volume of the *Survey*, on the 3rd January, and the effect in reducing the proportion of Japanese cotton imports made itself very sensible in the course of the year.<sup>2</sup> An attempt was then made to reach a similar understanding between the textile interests of Great Britain and Japan competing in other markets. With this purpose a conference between representatives of these interests was convened in London. It met on the 14th February, and immediately the discussion centred on the geographical scope which the desired agreement was to cover. The British representatives demanded its application to all foreign markets; the Japanese insisted on its limitation to those markets which were controlled by the British Government, that is to say the United Kingdom itself and the Crown Colonies and Protectorates. On this point an impasse was reached and the conference came to a premature end.

The British Government, who had throughout declared themselves anxious to deal with the problem by amicable arrangement with Japan, then inquired from the Japanese Government whether they had any new proposals to make. When a negative answer was received, the Foreign Secretary informed the Japanese Ambassador, on the 3rd May, that his Government found themselves compelled to resume their freedom of action in dealing with Japanese imports into the Crown Colonies; and on the 7th of the same month the President of the Board of Trade announced in the House of Commons at Westminster that the Crown Colonies would be asked to introduce quotas for cotton and rayon imports—adding, however, that the Government continued to hold the view that the problem was one which could be settled satisfactorily only by co-operation in some form between the two countries. When asked whether the Dominions were also to be consulted in the matter, Mr. Runciman replied that the question of restriction in their markets was one for the Dominions themselves and that he could not intervene.<sup>3</sup> Though, as was to be

<sup>1</sup> See G. E. Hubbard, *op. cit.*

<sup>2</sup> Taking all commodities, however, Japan's share in the import trade into India rose from 14.2 to 15.7 per cent. in the financial year 1934-5. In woollen piece goods she quadrupled her shipments and provided 50 per cent. of India's imports; her exports to India of silk and artificial silk goods increased by about 100 per cent.

<sup>3</sup> The most important event in the field of trade relations between Japan



expected, this British action was strongly resented in Japan, and a 'Safeguarding of Commerce' law was promptly passed for enabling the Government to raise tariffs and prohibit or restrict imports, no actual retaliatory action was attempted, and Japanese exporters met the situation by redoubling their efforts in neutral markets that were free from British control. Meanwhile, the Japanese official attitude towards the search for co-operative solutions of the problems of competition, on which the British Government rested their ultimate hopes, was broadly indicated by the language of the Minister of Commerce and Industry, who is reported to have said that 'a too rapid development arouses the jealousy and resentment of others, and we must of necessity, in view of international trends, do our best by taking a conciliatory line to moderate these feelings of jealousy and resentment'. The entry of Japanese manufacturers into international cartels with market-sharing arrangements was one of the forms of co-operation which Mr. Machida commended.<sup>1</sup>

Though it may well have been incumbent upon the British Government to protect the position of the cotton industry of Lancashire, where unemployment among textile workers had assumed the proportions of a first-class national problem, their action in closing the door to Japanese trade expansion had wide implications which demanded the most serious consideration. The Japanese people were suffering from a sense of frustration as the result of a long record of foreign opposition to their expansionist endeavours—a record which extended from the revision of the Treaty of Shimonoseki in 1894 to the League action in regard to Manchuria in 1931–3. This series of bitter memories induced a pathological state of mind, comparable with that prevailing in Germany, and any action which could be interpreted as an attempt at 'encirclement' was bound to have the effect of driving Japan still farther along the road of Imperialism in the Far East. From the purely economic point of view, moreover, the more Japan was thwarted in her efforts to extend her markets in the rest of the World, the more she was forced back upon the policy of establishing a regional economic bloc under her own control, and an essential element in this alternative solution of the Japanese and the British Dominions was the visit to Japan, in the course of his 'goodwill tour' in the Far East, of Mr. Latham, the Australian Commonwealth Minister of External Relations. The rapidly developing market in Japan for Australian wool, and the Japanese demand that Australia should reciprocate by increasing her imports from Japan, were bringing the question of trading with Japan into great prominence in Australia, and the results of Mr. Latham's visit augured well for its further development.

<sup>1</sup> See *Economic Conditions in Japan 1933–1934* (Department of Overseas Trade, No. 604), p. 31.

economic problem was the monopolization of the China market. Thus the political and economic issues which Great Britain had to face in her dealings with Japan were indissolubly linked with one another.

There was one country in Europe where Japan's challenging attitude to the Western Powers was greeted with a considerable degree of fellow-feeling. The bond of sympathy between Germany and Japan was of old standing, dating from the time when Japan, searching for patterns on which to model her new Westernized structure, chose Germany for her military ensample. Generations of Japanese officers who had been sent for their training to Germany had created a link the strength of which was particularly potent at a time when the military element was politically powerful in Japan. In addition there were, in 1934, two points in common which were operating to strengthen this traditional friendship between Germany and Japan: both countries were seceding from the League of Nations, and both were hostile to the Soviet Union. It was, therefore, not unnatural that signs of a *rapprochement* made themselves evident during the year. Minor instances of this were the extension (noted in Berlin by the correspondent of *The Times*)<sup>1</sup> of 'so-called cultural contact' between Germany and Japan, and a significant increase in the influx of German newspapers into Japan which was remarked upon by another British observer.<sup>2</sup> The bond created by the similarities in their international status was a favourite text for public writers and speakers; and a speech delivered by the Japanese Ambassador in Berlin in the month of November<sup>3</sup> was remarkable for its references to the grievances against the other great nations of the World which were shared by the two countries. They were united, Mr. Nagai said, by their common isolation; by the demand which each was making for equality of rights; and by a similarity of unfavourable discriminatory treatment which was manifested, in the one case, in the exclusion of Japanese emigrants from 'White Men's countries' and, in the other case, by the denial of colonial possessions.

It was significant of the cordial development in Japanese-German relations during 1934 that, when the Japanese naval training squadron visited Germany in the May of that year, the officers were received by the leading personalities in the country, including Herr Hitler, Freiherr von Neurath and General Göring as well as Field-Marshal von Hindenburg.

<sup>1</sup> See *The Times* of the 26th January, 1934.

<sup>2</sup> See *The Daily Telegraph* of the 17th November, 1934.

<sup>3</sup> See the *Frankfurter Zeitung* of the 18th November, 1934.

### (v) Russo-Japanese Relations

In the *Survey for 1933* it was shown that, while Japan's expansion on to the mainland of Asia, synchronizing with the revival of Russian concern in the Far East, had produced a collision of interests along a very widely extended front, the friction between the two countries had actually focused itself during that year on a local issue, namely that of the Chinese Eastern Railway. The liquidation of that issue, which was virtually accomplished in 1934 in circumstances to be recorded later, relieved the situation between the two Powers of its most immediate danger. It left, however, a wide range of potential sources of conflict and, more important still, a general feeling of tension grounded in mutual fear and mistrust. In analogous circumstances the European nations had sought a solution of difficulties along two separate lines, namely agreements for the avoidance of war and agreements to limit armaments. This dual method had its parallel in the East, where Russia sought security in a treaty of non-aggression while Japan persisted in the effort to bring about regional demilitarization.

Already in 1932 the U.S.S.R., fresh from the conclusion of a chain of non-aggression pacts with states on its western borders, had proposed a similar pact to Japan, but met with no response.<sup>1</sup> The suggestion was repeated in conversations in the following autumn between Monsieur Litvinov and Mr. Hirota, before the latter's departure from Moscow to assume the post of Foreign Minister in Tokyo, and it was revived at intervals in political speeches and press articles during the following two years. The Japanese Government's attitude as expressed on several occasions by their official spokesmen was that the settlement of outstanding differences, and in particular the setting up of a joint commission for dealing with frontier disputes, should precede any negotiations for a non-aggression pact. In December 1934 Mr. Hirota was reported to have handed to the Soviet Ambassador a *note verbale* maintaining this point of view and stating that his Government considered the proposal of a non-aggression pact to be premature, to which the Government of the U.S.S.R. replied by deploring the Japanese refusal to negotiate, repeating their arguments in favour of a pact, but at the same time declaring their readiness to consider the Japanese counter-suggestion of a joint frontier-commission.

While Russia was thus seeking a solution of the Russo-Japanese problem along the lines of a mutual undertaking to abstain from war,

<sup>1</sup> See the *Survey for 1931*, p. 155.

Japan was urging unremittingly the removal of what she represented to be the chief menace to peace, namely the concentration of military force in the neighbourhood of the common frontier. Russian troop reinforcements and military preparations in Eastern Siberia were the subject of repeated complaint in Japanese official pronouncements, and a suggestion for the mutual withdrawal of troops and dismantling of frontier fortifications was reported to have been submitted informally through the Japanese Ambassador in Moscow in September 1934.<sup>1</sup> The proposal was barren of results other than a storm of indignant comment in the Soviet Press, which pointed out that Russia—holding, as she did, the outer arc of the Amur salient, and having her main line of communication running along, and in close proximity to, the frontier—would have everything to lose and nothing to gain from the arrangement suggested by Tokyo.

The concentration of troops and execution of military works in the neighbourhood of the frontier was a subject of complaint equally from the Russian side. In contradiction of a recent statement in the Diet in which Mr. Hirota had denied that Japan was setting up new military establishments along the Manchukuo-Soviet Border, Monsieur Voroshilov, the Soviet Commissar for War, addressing the Communist Party Congress in January 1934, accused Japan of erecting a military 'jumping-off place in Manchuria' and went on to inform the Congress that the U.S.S.R. had taken measures to strengthen the borders and to 'erect barriers' in the sectors of most importance.

Recriminations of this sort coloured the relations between the two countries to such an extent in the year under review that a survey of these relations may usefully include some mention of the strategic developments which were the cause of so much strained feeling. The facts as reported by responsible foreign journalists in Moscow and Tokyo and by impartial observers on the spot revealed a very rapid strengthening of Russia's strategic position in the Far East and a steady development of that of Japan. By 1934 the U.S.S.R., through the application of the Five-Year Plans in Eastern Siberia, had greatly increased the self-sufficiency of that region as a military base. A system of state colonization had brought the population of the Far Eastern Territory up to nearly two million and had, it was claimed, rendered it practically independent of imported food supplies. Local resources of fuel had been so vigorously developed that the output of coal between 1933 and 1934 rose from 240,000 to over 3,000,000 tons,<sup>2</sup> while the oil output from Russian-controlled fields in

<sup>1</sup> See *The Times* of the 5th September.

<sup>2</sup> This was accomplished mainly by the development of the Bureya coalfield,

Northern Sakhalin, which five years before had been only 17,000 tons, had been raised to 250,000 tons. Mechanization had been very widely applied in the chief Siberian industries, and the available labour force was reckoned to have trebled since 1928. Meanwhile, the development of heavy industries and the construction of railways progressed with the help of investment provided under the second Far Eastern Five-Year Plan, which provided for these two purposes alone nearly 3,500,000 roubles (87 per cent. of the entire investment). From the strategic point of view particular significance attached to the making of a railway, begun in 1934 and due for completion at the end of two years, to connect a point on the Trans-Siberian line in the neighbourhood of Lake Baikal with an outlet on the Sea of Okhotsk, running parallel to the existing Amur Railway, which was Russia's sole line of communication with the Maritime Province and which was now highly vulnerable to attack since it skirted the Manchurian frontier. The double-tracking of the Trans-Siberian Railway as far as the Manchurian frontier-station was announced in April 1934 and was subsequently advanced to a point nearing completion, though work remained to be done in the widening of bridges and tunnels.

As regards specifically military developments, fortifications were reported to have been erected at Pogranichnaya, where the Chinese Eastern Railway in Manchukuo was connected up with the railway system of the Maritime Province of the Soviet Union; at Blagoveschensk, which lay on the Amur directly north of Harbin; and at Khabarovsk, at the junction of the Amur and Ussuri rivers; while a strong military base, together with an aerodrome, had been established on some islands at the confluence of the Amur and the Sungari—a key position which was actually a debatable territory since it was claimed by Japan to fall, by the Sino-Russian Treaty of 1860, within the territory now belonging to Manchukuo. Air bases were stated to have been constructed at Spassk, five hours by train from Vladivostok, at Vladivostok itself and at Khabarovsk—the air force amounting in all to between 300 and 400 machines, including fifty heavy bombers reputed to be capable of carrying out air attacks against the chief cities of Japan. In the matter of man-power, the Russian effectives stationed between Chita and Vladivostok—that is to say, within striking distance of the Manchurian frontier—were estimated by foreign military experts at 200,000 men, while the reservists settled on the land were said to number some 150,000.<sup>1</sup>

which was officially described as destined to rival in output the great Kuznetsk basin.

<sup>1</sup> See *The New York Times* of the 14th September, 1934. The Far Eastern

These forces were described by the Japanese Minister of War, echoing the language used by Monsieur Voroshilov in Moscow, as being in readiness for operations against Manchukuo ; and in addition to them, according to Japanese official statements, Japan had to reckon with Red troops in Outer Mongolia comprising six cavalry brigades, 400 aeroplanes and 300 tanks.

On the Japanese side of the border the military man-power was stated by General Blücher, the Commander-in-chief of the Soviet Far Eastern Army, in his speech at the Party Congress, to amount to 130,000 Japanese, supplemented by 110–115,000 Manchurian troops, though the official Japanese figures, which foreign expert opinion seemed inclined to accept, were much lower, namely 65,000 Japanese and 100,000 Manchurians. Russian objections to Japanese war preparations were mainly directed, however, against the construction of strategic lines of communication, in regard to which General Blücher complained that Japan had built 1,000 kilometres of railway and 2,200 kilometres of roads, all leading towards the Soviet frontier. No secret had been made by the Japanese military authorities of the importance that they attached to improving the means of transport of troops from Japan through Korea to strategic points in Manchuria ; and, after the establishment of Japanese control in Manchuria, Japanese effort had been concentrated on the development of the Korean port of Rashin and on its connexion with the Manchurian railway system. This was completed in September 1933. Other railway extensions facilitating the movement of troops towards the Manchukuo-U.S.S.R. frontier were a line from Harbin to Heiho opposite Blagoveschensk on the Amur, which was finished in December 1934, and another linking Yenki on the Korean-Manchukuo border with Hailin on the Chinese Eastern Railway—supplemented by a road-extension, which was in progress of construction during the year, to a point on the Sungari River, and a road for heavy military traffic along the bank of that river which extended nearly as far as its confluence with the Amur at Khabarovsk. Thus the Amur, which till recently had been a remote and, from a military point of view, relatively inaccessible frontier, had by 1934 become merely a thread separating two highly equipped forces ; and Japan had advanced her strategic position in such a way as to render the Soviet Union's hold on her Maritime Province extremely precarious in the event of war. The Soviet Government's reluctance to entertain

Army, which had been created in 1929, was an independent organization, additional to the regular Red Army, and had been formed without any weakening of the latter.

Japanese proposals for a demilitarized zone finds sufficient explanation in the fact that Russian strength along the frontier line was fundamentally static, being in the form of military bases, while Japan's strength lay in her railways and roads as aids to mobility in a region which was devoid of important towns and of military concentrations.

The reluctance of Japan, in her turn, to respond to the Russian invitation to enter into a pact of non-aggression was due, as already mentioned, to Japan's desire for a prior settlement of existing disputes. Of these the two which in 1934 assumed the greatest importance had to do respectively with the Chinese Eastern Railway<sup>1</sup> and with the Japanese leases of fisheries in Russian waters.

At the close of 1933 the negotiations for the sale of the railway were still in the state of suspension into which they had fallen after the arrest of Soviet railway officials by the Manchurian authorities in the autumn of that year.<sup>2</sup> Their release in April 1934 opened the way for a resumption of bargaining; but almost immediately a fresh deadlock supervened over the question of price. In July the Japanese made an offer, described as 'final', which was not accepted in Moscow. Meanwhile, the revival of reciprocal charges of incitement of train-wrecking and connivance at sabotage, fresh cases of arrest of Russian employees (followed, it was alleged, by maltreatment and torture), and, finally, the resuscitation in Moscow of rumours of Japanese plans to make a forcible seizure of the railway, brought the situation once more to a critical state; but once more, as in the previous autumn, the crisis was relieved by a series of personal conversations between Mr. Hirota and Monsieur Yurenev, the Soviet Ambassador in Tokyo. The official negotiations were taken up again on the 21st September, and from this point onwards rapid progress was made towards the bridging of the gap in price between offer and counter-offer. By the middle of September this gap had shrunk from approximately 580,000,000 yen, the amount at which it had stood at the beginning of negotiations in the previous June, to 40,000,000 yen. By the end of the month further concessions on both sides had eliminated this difference, and agreement in principle was soon afterwards reached on the basis of a payment by Manchukuo to the U.S.S.R. of 140,000,000 yen for the railway, one-third to be in cash and two-thirds in kind,<sup>3</sup> with a further 35,000,000 yen to be paid in compensation to dismissed

<sup>1</sup> The Government of Manchukuo renamed the railway the 'North Manchuria Railway'.

<sup>2</sup> See the *Survey for 1933*, p. 527.

<sup>3</sup> To be taken out in imports into Russia of rice, tea, silk, beans, ships and boats, electrical machinery, tools and copper.

Russian officials. A last hitch in negotiations over certain subsidiary questions—including that of a state guarantee by Japan of the payments to be made,<sup>1</sup> of the valuation of payments in kind, and of the future ownership of the schools in the railway zone—delayed the final settlement till the 23rd March, 1935, when the transfer ultimately took place and a cheque on account of the payment in cash was handed to the Russian representative. This last act was accompanied by a renewed, but not a particularly vigorous, protest from the Chinese Government, and it evoked from the Russian Commissar for Foreign Affairs the statement that the two countries had reached 'the solution of one of the most complicated problems of the Far East' and an intimation that a friendly discussion concerning the mutual withdrawal of frontier troops had thereby been made more feasible.<sup>2</sup>

While the issues involved in the C.E.R. question were largely political and strategic, the Russo-Japanese fisheries dispute which arose in the early part of 1934, and which revolved round the question of the rouble-yen exchange rate to be applied to Japanese bids at the annual auctions of fishing-grounds, was an instance of the collision produced by the expansion of both sides in the economic sphere. The fishing industry of Japan was second only to rice cultivation as a source of the national food supplies and as an increasing contributor to the Japanese export trade (thanks to the development of canning), and the Japanese fishing-fleet had made itself at home in Russian waters in the Sea of Kamchatka during the period of the eclipse of Russian power in the Far East after the Bolshevik Revolution. Thereafter the Karakhan Treaty of 1925,<sup>3</sup> which had re-established relations between Russia and Japan, had given Japan highly advantageous conditions for its fishing-fleet in the form of the right to lease a substantial proportion of the Russian fishing-grounds and to compete in auctions for the lease of others.<sup>4</sup> The agreement on this subject<sup>5</sup> provided for its continuance till 1936, when it was due to expire in May, upon one year's notice being given by either party. Soviet Far Eastern development under the Five-Year Plans had resulted, meanwhile, in the rapid growth and reorganization of the Russian fishing industry on the Pacific coast, and the ratio between

<sup>1</sup> This was eventually given.

<sup>2</sup> *The Times* of the 15th March, 1935.

<sup>3</sup> See the *Survey for 1925*, vol. ii, Part III, section (iv).

<sup>4</sup> Between 1931 and 1933 Russian waters supplied 9 per cent. of the total Japanese fisheries catch, but a much higher percentage of Japan's exports of tinned salmon and crab.

<sup>5</sup> For the agreement of the 23rd January, 1928, see the *Survey for 1928*, pp. 370-1.



the number of grounds held by the Japanese and by the Russians had changed considerably in favour of the latter.

It was not unnatural in the circumstances that the Japanese fishery companies which competed in the annual auctions found themselves faced with increasing difficulties. The chief of these difficulties had arisen in connexion with the calculation of the rate of exchange to be applied to Japanese payments. A dispute concerning the rate had lasted intermittently for several years, but a provisional arrangement had been reached in 1931 on the basis of 32·5 yen to the rouble. In February 1934 the Soviet Government announced their decision to raise the rate to 75 yen to the rouble—justifying the rise on the ground of the depreciation in the external value of the yen. The Japanese Government intimated that they regarded this as a breach of the existing arrangement, and the old rate of exchange was applied when payments were proffered in respect of Japanese bids. These bids were thereupon declared invalid by the Russian authorities.

Diplomatic conversations followed, and an agreement was reached that the auctions should be reheld on the 25th May. The fresh auctions duly took place at Vladivostok and the Japanese obtained 42 grounds, making the number operated by them 386 compared with 367 held by the Russians. Yen payments were provisionally accepted on the old basis of exchange, under the reservation that the question of the exchange-rate should be discussed again between the two Governments. Negotiations for this purpose were held in Moscow, and on the 15th August an agreement was reached whereby the old rate of 32·5 yen was accepted by the Soviet Government to hold good during the second half of 1934. The dispute concerning rates of exchange had thus reached no definite solution at the end of the year, and it seemed destined to become merged in the wider negotiations necessitated by the expiry of the Fisheries Agreement in 1936, when the whole question of Japanese participation in the exploitation of the Russian fishing-grounds would come up for revision.

The year 1934 provided its quota of frontier incidents—alleged trespasses by aircraft and vessels of war, firing on fishing-boats, &c. None of these developed to an acute point, and they played as a whole a less prominent part in Russo-Japanese relations than they had played in the preceding year; but one important frontier development occurred in connexion with navigation on the Amur. The need for improved international regulation was illustrated by a succession of shooting incidents on the river which took place in May 1934, and in one of which a Japanese naval officer lost his life. The formulation of rules of navigation on the Amur, as well as on the less important

Sungari, Ussuri and Argun rivers, was undertaken in a conference between Manchukuo and Soviet local officials which was held at Heiho early in July; and in the following month an agreement was concluded to replace that which had been in force since the general settlement of Sino-Japanese affairs in 1924. Provision was now made for a joint Technical Commission. The agreement was officially described in Moscow as 'a technical accord between local river authorities', but its signature was hailed in Japan as a further mark of Russian recognition of Manchukuo—a claim which was to some extent substantiated when the new regulations were approved, in January 1935, over the signatures of delegates of the Manchukuo and Soviet Governments. A defect of the agreement was that it failed, if the reports from Hsinking were correct, to provide a settlement of the question of the disputed sovereignty over the strategically important delta at the confluence of the Amur and Sungari rivers.

**(vi) The Course of Events in Manchuria, Mongolia, Sinkiang  
and Tibet**

In the fringe of vast but sparsely populated territories which adjoined Intramural China on the landward side and constituted, together with this nucleus, the historical 'Chinese Empire', the decay of Chinese authority which had set in towards the end of the Manchu régime had been greatly accelerated by the Revolution of 1912-13; and by the beginning of the year 1934 it had reached a point at which Chinese sovereignty had become extinguished over a large part of these outer dominions and existed only in name throughout much of the remainder. A glance over the territories in question would have shown the following changes: Manchuria reft away forcibly from the Chinese Republic two years before; a portion of Inner Mongolia—that is, the province of Jehol—sharing the same fate; Chinese rule being challenged by the inhabitants of the rest of Inner Mongolia, who were successfully claiming autonomy; Outer Mongolia completely detached from China; Sinkiang in a state of anarchy which left but a vestige of Chinese authority; and finally Chinese suzerainty over Tibet reduced to a shadow.

This waning of Chinese power in the outer dominions involved dynamic changes in the status of a large portion of Central and Eastern Asia, and although none of the regions in question witnessed in 1934 any such violent and sudden eruption as had occurred in the Three Eastern Provinces in 1931-3, the redistribution of forces throughout the territories as a whole was a significant development from the international standpoint.

## (a) MANCHURIA

Manchuria, as being the area which attracted the greatest public attention in the other countries of the World, will be dealt with first and in fuller detail than the rest. Its relations with its immediate neighbours have already come under review in the preceding sections of this part of the present volume, but its external affairs in general, particularly in regard to the question of recognition, call for further consideration. It will be recalled that the Assembly of the League of Nations had resolved in February 1933 'not to recognize this [the existing Manchurian] régime either *de jure* or *de facto*', and that the Government of the United States of America had concurred in upholding this principle.<sup>1</sup> The principle of non-recognition was maintained throughout 1934 with the aid of the special committee set up by the League for the purpose of advising its members on the implications of non-recognition and as to the limits to which working arrangements (e.g. in regard to the transit of mails) could legitimately be carried without infringing the principle adopted by the League.

The British and American attitude towards this principle underwent no apparent change, in spite of rumours to the contrary. The British Government's conduct was declared by the Foreign Secretary, speaking in the House of Commons at Westminster on the 15th November, 1934, to be 'still guided by the policy of non-recognition'.

The only breach in the united front of the Powers occurred when Salvador notified on the 21st May, 1934, her recognition of the state of Manchukuo. Her Consul-General at Tokyo, through whom the communication was made, stated in explanation of his Government's action that it was 'purely a matter of business, the outgrowth of El Salvador's acute need of new markets for her coffee'.

In regard to *de facto* recognition, the U.S.S.R. had already gone farther than other Powers by accrediting its Consuls in Manchukuo to the Government in Hsinking and by accepting the appointment of consular representatives of Manchukuo to posts in Russian territory.<sup>2</sup> The agreements concerning the sale of the Chinese Eastern Railway and the navigation of waterways, referred to earlier in this chapter,<sup>3</sup> were further hailed by Japan as confirming her view that the U.S.S.R. had virtually recognized the state of Manchukuo. In fact, however, there was no evidence to show that the Government in Moscow entertained any such intention.

<sup>1</sup> See the *Survey for 1933*, p. 508.

<sup>2</sup> Consuls for Manchukuo were appointed at Blagoveschensk and Chita, and the Russian Government were said to have agreed to the appointment (though this had not actually been made by the end of the year) of a Manchukuo Consul-General in Moscow.

<sup>3</sup> See pp. 672-3, 675, above.

Japan was thus baulked in her effort to 'make an honest woman' of her daughter state. It had been widely predicted that in this event the Japanese Government would exploit the situation by inspiring the Government of Manchukuo to discriminate in matters of trade against the nationals of the non-recognizing Powers. There was little positive evidence of this in the everyday treatment of foreign merchants, whose position in regard to discriminatory taxation and arbitrary treatment in general was described by an impartial inquirer as being certainly no worse than under the previous régime. It is true that foreign agency business was reported to have dwindled and that trade generally showed a tendency to pass increasingly into the hands of Japan (who in 1934 provided 68 per cent. of the imports of Manchuria and absorbed 50 per cent. of her exports), but this state of affairs could be legitimately explained by the high proportion of Japanese capital entering the country<sup>1</sup> and by the fact that a great part of the Manchurian imports represented military and railway material required for the use of the Japanese military authorities and the South Manchuria Railway. There was, however, one direction in which the expectation of discriminatory action was at least partially fulfilled. In 1934 the Government of Manchukuo declared state monopolies covering various industries, in particular oil, coal, gold and steel production. Of these the oil monopoly gave rise to international complications by calling forth vigorous foreign complaints on the ground of unfair treatment and breach of the principle of the Open Door.

This principle had been reaffirmed for Manchuria by the note of the 12th March, 1932,<sup>2</sup> in which the Government of Manchukuo had invited the recognition of foreign Powers and at the same time had given the assurance that 'with regard to the economic activities of the people of foreign nations within the state of Manchukuo the principle of the Open Door shall be observed'. Although on several later occasions authoritative statements had been made that the maintenance of the Open Door and of equal opportunity did not depend upon the giving of recognition, nevertheless, at a certain stage in the controversy concerning the oil monopoly, the Japanese Foreign Office—which up to that point had disclaimed responsibility

<sup>1</sup> In the three years 1932–4, inclusive, Japan was reckoned to have invested 481,000,000 yen in Manchuria, of which 35 per cent. came under the description of 'private investment'. For comparison it may be added that in 1930 existing Japanese investments in Manchuria were estimated at 1,616,000,000 yen out of a total foreign investment of 2,295,000,000 yen, including a Russian share of 590,000,000 which was mainly represented by the Chinese Eastern Railway.

<sup>2</sup> See the *Survey for 1932*, pp. 553–4.

for the action of the Government of Manchukuo in the matter—maintained that the right to claim the fulfilment by Manchukuo of the Open Door clauses of treaties could not properly be claimed by foreign Powers which were withholding recognition from the State. The contention that Japan was free of responsibility for the actions of the state of Manchuria and that the latter could withdraw at will from the undertakings given at the time of its birth was not accepted by the British Secretary of State for Foreign Affairs. In the House of Commons at Westminster on the 29th April, 1935, he took the Japanese Government to task for their failure to use 'their undoubted authority to ensure the fulfilment of assurances given by themselves and by the Manchurian authorities regarding the maintenance of the Open Door and the fulfilment of treaty obligations'.

The facts regarding the monopoly itself may be briefly recorded, since they illustrate the sort of treatment of foreign interests which the Japanese Government were prepared to defend as legitimate, but which the foreign Governments concerned considered to be unfair and incompatible with the principle of equal opportunity in trade. By a law of the 21st February, 1934—which came into operation on the 10th April, 1935—the Manchuria Petroleum Company was established for the purpose of handling the import and refining of crude oil, for which Manchuria provided an important market. The controlling share interest in this company was assured to the Manchukuo Government and the South Manchuria Railway Company, which together received an allotment of 3,000,000 yen of capital, the remaining 2,000,000 yen being divided equally among four of the leading Japanese oil companies. Foreign companies, though not legally precluded from participation, were refused shares on the ground that none were available. The same law provided for a Government monopoly of sales, leaving to private concerns the right only to engage, subject to licence, in refining and in import and export. The foreign oil companies were consequently faced with the immediate sterilization of the elaborate retail sale organizations which they had laboriously developed at much expense in Manchurian territory;<sup>1</sup> they lost the power to fix their selling prices and, as regards the refining business, they were brought into competition with semi-governmental organizations enjoying preferential rights.

If the experience afforded by Manchuria in 1934 and in the two preceding years justified any conclusion as to Japan's policy in regard to the admission of foreign interests on equal terms with her own in territory which had been brought within her sphere of influence, the

<sup>1</sup> The Standard Oil Company alone had 350 sales agents in Manchuria.

correct conclusion would probably be that, in the early stages at least, Japan had shown little desire to multiply her international difficulties by monopolizing economic fields other than those which for strategic reasons she wished to keep under her own control.

We must now turn from Manchuria's external affairs, as these developed after the critical period 1931-3, in order to consider briefly the internal problems which were a much more serious preoccupation for Japan, intent as she was on the task of establishing a continental colonial empire. These problems group themselves conveniently under the headings of defence, population, administration and economic development. Of the first it is sufficient to say that the defence problem was primarily one of the extension of strategic lines of communication, and that no effort was spared to push forward the construction of railways and highways in accordance with plans to facilitate the transportation of troops from ports controlled by Japan to the frontiers of Manchukuo. Beside the railway lines reaching out toward the northern frontier, which have been referred to already in the section dealing with Russo-Japanese relations,<sup>1</sup> work was in progress in 1934 on the construction of a railway running westward to Solun in the Mongol-inhabited country; and from that rail-head extensions were feasible both to the borders of Outer Mongolia and to some point on the Chinese Eastern Railway near its place of exit from Russian territory. Another important extension which was carried out in the course of the year was that of the railway into Jehol, which was advanced to a point only fifty miles distant from the capital of the province.

The Japanese colonization of Manchuria made small progress in 1934, though it is interesting to note that a long-term scheme (to be financed partly at Government expense) for providing a quarter of a million settlers came up for discussion in the Tokyo Diet at the end of the year. Such settlement of Japanese and Koreans as took place was accompanied by serious trouble with the local population. In the month of March, in a district on the Lower Sungari, an incident occurred which bore an ominous resemblance to the Wanpaoshan riot which had exacerbated Sino-Japanese relations immediately before the outbreak of hostilities in the autumn of 1931.<sup>2</sup> Title-deeds were called in by the local authorities as a preliminary—so, at least, the owners believed—to the expropriation of their land for the benefit of settlers, and a peasant rising ensued in which 2,000 Chinese and no less than 400 Japanese soldiers were reported to have lost their lives.

<sup>1</sup> See pp. 671-2, above.

<sup>2</sup> See the *Survey for 1931*, p. 434.

The influx of Chinese immigrants, meanwhile, bade fair to regain the dimensions of the pre-1931 period. After falling to an insignificant figure in 1932, the net number of Chinese immigrants, that is to say the number of those entering less the number of those returning to China, had risen in 1933 to nearly 100,000, and in the first four months of 1934 it exceeded 130,000, showing that the process of filling up the empty spaces of Manchuria from the over-populated regions of North China was still a factor of primary account in the economic and political outlook.<sup>1</sup>

This large-scale recruitment of Chinese from China Proper lent additional emphasis to the importance for Japan of winning the goodwill of the native population of Manchuria. On this point the available evidence indicated that the Chinese peasantry, when not inflamed by exceptional causes of irritation such as attempts to expropriate land, displayed in the main a dumb indifference to the change of régime, but that the relations of the Japanese with the Chinese merchant and official classes were going from bad to worse. This state of affairs was commonly explained by the rough behaviour of the Japanese soldiery and by the contempt and lack of confidence shown by the Japanese officials towards their Chinese colleagues and subordinates. So marked were the effects that a special correspondent of *The Times*, in summing up his impressions of the Chinese feeling towards the Japanese in Manchuria, was impelled to conclude that 'thus far the Japanese have succeeded in inspiring only dislike and distrust'. It should be added, however, that other observers noticed a tendency to improvement in the class of young Japanese administrators arriving in Manchuria to take up junior posts, and reported that the earlier type of aggressive official was disappearing.

In the political evolution of the state of Manchukuo a new stage was reached on the 1st March, 1934, when the Chief Executive<sup>2</sup> was enthroned as Emperor of Manchukuo with the reign-title of Kang-tê and when simultaneously an organic law was promulgated replacing, but reproducing in all essentials other than the establishment of the monarchy, the provisional law enacted in 1932. No form of popular representation was set up, and although a Legislative Council was provided for, its organization was left, as was also the question of the

<sup>1</sup> It should be noted, in this connexion, that Chinese researches in the provinces of Hopei and Shantung, carried out under the auspices of the Institute of Pacific Relations, revealed, disappointingly, that the outflow of surplus population to Manchuria had not been accompanied by any improvement of the local standard of living.

<sup>2</sup> Mr. Pu Yi, who, under the title of Hsuan Tung, had been Emperor of China until his abdication in 1912. See the *Survey for 1932*, p. 457.

succession to the throne, for future determination. The principal organs of government under the Emperor were to be the Privy Council, the State Council (or Cabinet) and a Supervisory Council to deal mainly with finance. A reorganization of the main divisions of the country into ten provinces, which was also effected in the course of the year, represented a movement in the direction of increased centralization, though the Mongol province of Hsingan retained its special semi-independent status.

Within and behind this administrative framework the substantial control remained, of course, in the hands of the Japanese, represented by the Ambassador at Hsinking,<sup>1</sup> the Japanese advisers in the Bureau of General Affairs, which supervised the economic and internal affairs of the country, and lastly the Special Bureau of the Kwantung Army with its offices spread over the country, which handled 'military matters', including a large share in the relations with adjoining states (e.g. frontier disputes with China and Outer Mongolia).

Around the post of the Japanese Ambassador to Manchukuo there developed in the summer and autumn of 1934 a strenuous tug-of-war between the several Government departments in Japan that were interested in administration in Manchuria. The incumbent of the post, being concurrently Ambassador, Commander-in-Chief of the Kwantung Garrison and Governor-General of the Kwantung Leased Territory, united in himself diplomatic, military and administrative functions and was in these several capacities subject to the authority of three departments of the Japanese Government: the Foreign Office, the War Office and the Ministry of Overseas Affairs. In August 1934 the Minister of War put forward a project of reorganization whereby the Governorship-General of the Leased Territory was to be abolished, while the supervision of the Territory, as well as that of the South Manchuria Railway, was to rest with the Ambassador, who would thus be subtracted from the authority of the Overseas Ministry. The Ambassador was, moreover, to be made responsible to the Prime Minister and Privy Council direct, subject to the right of the Foreign Office to issue instructions in regard to diplomatic affairs. The general effect of this proposal was to perpetuate and reinforce the system of military control over the administration of the whole of Manchuria, while at the same time emphasizing the subordinate status of the state of Manchukuo. The Ambassador was, in fact, to assume practically the position of a High Commissioner.<sup>2</sup>

<sup>1</sup> For the functions of this official see the *Survey for 1932*, pp. 460 and 461.

<sup>2</sup> It is interesting to note that the position of Great Britain in Egypt was



Strong opposition to the War Office scheme was raised both by the Overseas Ministry and by the resident officials in the Leased Territories, 1,600 of whom threatened to resign, and the issue became so acute that the Cabinet was in danger of falling. Eventually the military won the day and secured the acceptance of the scheme, in a slightly modified form, by the Privy Council.

The outcome of this departmental wrangle provided a fresh illustration of the superior potency of the military element in Japan in conflicts with the civilians over matters of policy. It also signified a set-back for that Japanese element in Manchukuo which stood for a 'dominion' outlook, and which championed local interests in the development of Manchuria's resources, as against exploitation for the immediate benefit, strategic or economic, of the mother-country. General Hishikari, who on the death of General Muto, the first Ambassador in Hsinking, had succeeded to the post, was understood to be averse from the administrative changes, and at the end of the year he resigned and was replaced by General Minami, a former Minister of War.

Thus, in a review of Japan's standing in Manchuria at the close of 1934, it could be recorded that she had fortified her position strategically very greatly, diplomatically hardly at all and to a doubtful extent internally, in so far as concerned the fundamental problem of winning popular support for her own ascendancy. At the same time she had, in the matter of the government of the country, taken an unobtrusive but not insignificant step along a road which would lead inevitably in the end to outright annexation.

It remains to cast a glance over the economic situation, which, in Japan's precarious financial state, might ultimately prove to be the most important factor in deciding whether her great 'Manchukuo adventure' was to be for weal or for woe. The position in this sphere was not particularly hopeful. On the credit side, Japanese financiers had nearly achieved the notable feat of restoring Manchuria's debased currency, having got rid of over 90 per cent. (in number, not in value) of the old Chinese currency notes by the middle of the year. The substituted Manchurian yuan was a silver unit, backed by bullion to the extent of 61 per cent. and fluctuating as regards external exchange in unison with the Chinese dollar. The advantage to the whole population of this stabilization of the currency was undoubtedly immense, though it was tempered very considerably by the fact that the Japanese gold yen, and to a less extent the rouble, competed with repeatedly cited by Japanese authorities as a model for that of Japan in Manchukuo.

the yuan as a currency medium.<sup>1</sup> The Manchurian farmers, to whom the stabilization of the currency was a very great boon, had been further benefited by a substantial reduction of the bandit scourge over Manchuria as a whole. Notwithstanding this, the estimated output of beans and wheat, which together represented on an average two-fifths in value of Manchuria's exports, fell in 1934 by 20 per cent., while the world price for soya beans, the staple of Manchurian trade, remained extremely depressed. The value of total exports continued steadily to decline; and the visible trade balance, which had been strongly favourable till 1932, but had changed in direction in 1933, became in 1934 still more adverse, the actual figures being: 1932—M.Y. 221,000,000; 1933—M.Y. 60,000,000; 1934—M.Y. 96,000,000. No foreign loans were forthcoming to relieve the situation caused by this surplus of imports, the burden of which had to be borne largely by Japan. The Manchurian budget for 1934-5, balancing at M.Y. 273,000,000, showed a deficit of M.Y. 100,000,000, which, taking into account probable supplementary allocations, was expected to increase by over 50 per cent. Although Japanese commentators consoled themselves with the fact that the change in the trade balance was mainly due to imports of capital goods, a large part of which was of a productive nature, the seriousness of the situation could not be concealed, and led to the warning by the Minister of Finance, already quoted above,<sup>2</sup> that a continuance of Manchurian borrowing on the current scale would imperil the exchange value of Japan's own currency.

#### (b) INNER MONGOLIA

The autonomy movement in Inner Mongolia, the earlier stages of which were recorded in the *Survey for 1933*,<sup>3</sup> culminated on the 13th April, 1934, in the establishment at Pai Ling Miao of an Inner Mongolian 'Autonomous Political Council' representing all of the Mongol Leagues of Inner Mongolia, including those in the Tibetan-populated territory of Kokonor. This Council, which was invested with authority over Inner Mongolian affairs, excluding diplomatic and military matters, was composed of thirteen popular representatives and fifteen tribal princes, with the addition of a Chinese member who

<sup>1</sup> Manchuria was to feel in due course the deflationary effect of the United States silver policy from which China suffered in 1934 (see section (ii) of this part). In May 1935 the Government of Manchukuo were urging the Japanese Government to study measures for the stabilization of exchange between the Manchurian yuan and the gold yen. This was after the Japanese Minister of Finance had informed the Diet, in reply to a demand for the formation of a Japan-Manchuria-North China silver bloc, that 'the time was not yet ripe'.

<sup>2</sup> See p. 643, above.

<sup>3</sup> See Part IV, section (ii).

had a right of veto. When agreeing to the creation of the Autonomous Council, the Central Political Council at Nanking acquiesced at the same time in the major reforms which the Inner Mongolian delegates had demanded in the previous year, and which were that the ploughing up of grasslands and the settlement of Chinese agriculturists should cease, that the Mongolian tribal organization should be preserved unchanged, that the Mongols should collect their own taxes and be free from contributions to the Chinese exchequer and lastly—an essential reform in view of past experience—that Inner Mongolia should be completely exempt from the authority of the Chinese provincial officials.

The moving force in the newly established Council was Prince Teh, the founder of the autonomy movement, whose progressive tendencies at once showed themselves in his selection of a large proportion of 'Young Mongols' imbued with Western ideas to staff the new administration.

By the granting of this measure of autonomy a working compromise was arrived at between Inner Mongolia and China; and although this compromise was marred by disputes over the degree of authority to be exercised by Nanking over the Autonomous Council, and was seriously disturbed in the autumn of 1934 by an incident at Peiping, when a Mongol member of the Council, visiting that town, was abducted and was believed to have been killed by the Chinese police, the settlement did, nevertheless, contain the elements of a permanent solution of Sino-Mongol relations. The Mongols had achieved a measure of independence by exploiting Chinese fears of Japanese ambitions in Mongolia; yet at the same time they had resisted the temptation to divorce themselves altogether from the Chinese connexion, which had proved so oppressive in the past, and to transfer their allegiance to the state of Manchukuo, which had shown peculiar tolerance towards its Mongol subjects. Incidentally, it was noted by foreign observers that the Mongols of Inner Mongolia remained singularly unmoved by the restoration in Manchukuo of the Manchu dynasty, with which in the past they had had so close a link.

Moral inducement was not, however, the only form of pressure to which the Mongols were exposed. Reference has already been made<sup>1</sup> to Japanese encroachments on the eastern borders of Chahar in the spring of 1934, and these were followed by later developments which extended into the next year. In a message dated the 1st June, 1935, the correspondent of *The Times* in Peiping reported the arrival there of Prince Teh, who was said to have come to consult with the Chair-

<sup>1</sup> See p. 659, above.

man of the Peiping Military Council concerning the activities of Japanese officers at Pai Ling Miao itself. A Japanese colonel had, it was alleged, flown to Pai Ling Miao and demanded the right to establish there a branch of the Special Affairs Bureau of the Kwantung Army and to set up an aerodrome and wireless station. The removal of the Autonomous Council from Pai Ling Miao to Paitze Miao near the Jehol border was also reported to have been urged. Such action by Japan—followed, as it was, by a demand for the dismissal of the Chinese Governor of Chahar—could legitimately be interpreted as evidence that the Japanese military authorities, finding the Mongols of Inner Mongolia unready to break with China and thus to open the way for a peaceful absorption of Inner Mongolia into the Japanese zone of influence, were falling back upon more ‘positive’ methods for the attainment of this end. In any case, Japanese penetration of Inner Mongolia was taking place in a manner which was likely to prove irresistible in view of the weakness of the newly organized ‘Inner Mongolian Commonwealth’.

### (c) OUTER MONGOLIA

In July 1934 the ‘People’s Republic’ of Outer Mongolia celebrated the tenth anniversary of its inauguration. The remarkable series of political vicissitudes through which the country passed between its first declaration of independence from China in 1911 and the establishment, ten years later, of ‘red’ Russian military rule—after the country had served for a period as a battle-field between the ‘reds’ and the ‘whites’—was recorded in the *Survey for 1920–3*.<sup>1</sup> The status of Outer Mongolia had been one of the issues dealt with in the general settlement of relations between China and the U.S.S.R. which took place in 1924, and the Sino-Russian treaty of that year secured for China Russian recognition of her suzerainty over Outer Mongolia and a promise from the Government of the U.S.S.R. to withdraw its troops. The promise had not been fulfilled, and within a few months of the conclusion of the treaty the Outer Mongolians, by a nominally spontaneous act, had declared the establishment of the ‘People’s Republic of Outer Mongolia’.<sup>2</sup> During the ensuing decade Outer Mongolia had gone through a process of gradual ‘sovietization’ under the tutelage of the U.S.S.R. The exact status of the territory was never clearly defined. The U.S.S.R. alone had officially recognized

<sup>1</sup> See pp. 429, 430 of that volume.

<sup>2</sup> The Hutuktu or ‘Living Buddha’, who in 1911 had been proclaimed the independent ruler of Outer Mongolia, had died in 1923 and was without a successor.

the Outer Mongolian Republic, but no steps had been taken to cancel the recognition of Chinese suzerainty which had been accorded in the 1924 treaty. The country, it appeared, was not officially incorporated in the Soviet Union, although its position was hardly to be differentiated from that of those Asiatic republics which were members of the Union.

Japan, who had recognized Russian claims over Outer Mongolia, in agreements made with the Czarist Government defining spheres of influence, had never formally challenged the existing régime—which the Government at Moscow were at pains to represent as being purely Mongolian. In 1934 the alleged expansion of Russian military forces in Outer Mongolia was, as already recorded, a prominent feature in the recriminatory campaign carried on between Tokyo and Moscow. The year passed, however, without any developments of a more positive nature. The active Japanese penetration of Inner Mongolia stopped short at the boundary where, as a visible reminder of Outer Mongolian isolation under Soviet control, a sterilized zone had been drawn which no travellers might cross and where the grass had even been cut down—so travellers reported—along the whole length of the frontier in order to assist the work of the patrolling guards.

Monsieur Karakhan, the present Chief of the Far Eastern Department of the Soviet Foreign Office and former Soviet Ambassador in Peking, attended the decennary celebrations of the Soviet Republic of Outer Mongolia in July. It was symptomatic of the state of mind of the competent statesmen in dealing with this region of the world that in his congratulatory speech he remarked that the greatest achievement of the young Republic was the creation of a modern and well equipped Red Mongolian Army. He failed to add any reference to Moscow's part in restoring the military organization of the Mongols, which had so long been overlaid by the pacific influences of Lamaism.

#### (d) SINKIANG

The turmoil of fighting in Sinkiang which had persisted through 1933 and had reduced Chinese authority over the 'New Dominion' to a shadow was referred to in the *Survey* for that year.<sup>1</sup>

To appreciate the situation which had developed by the beginning of 1934, it is necessary to review some of the principal events which had taken place since the death in 1928 of Governor Yang Tseng-hsin. Yang had been the last of the line of Chinese Governors who—relying less on their handful of Chinese troops than on a high capacity for

<sup>1</sup> See the *Survey for 1933*, p. 463.

manipulating the political balance between the various racial and religious communities—had upheld the power and prestige of China over a vast territory where the Chinese population amounted to barely five per cent. of the whole. Yang's successors, abandoning the system of compromise, had tried to assert their authority by the cruder methods of force, curtailing the rights of the local Khans, or, as in the case of the Khanate of Hami in 1930, interfering in the succession. This, with increased taxation, had led to widespread disaffection, and since 1931 China had been faced with a revolt in which the Tungans (Chinese Muslims from the borders of Kansu), the Turkīs and the Mongols had all been involved.

By the end of 1933 the Tungan armies, under their youthful leader Ma Chung-yin, had advanced westwards across the province, attaching to themselves large bodies of Turkī malcontents, and had established their control up to the gates of Urumchi, the administrative capital. Alienated from all possible allies among the rest of the population, excepting the White Russians, and without the least hope of any assistance from China, the Chinese at the capital had been holding out with the utmost difficulty. Their position, however, had recently been reinforced by the arrival at Urumchi of a substantial body of troops, commanded by General Sheng Shih-tsai, who had been part of the 'volunteer' army opposing the Japanese in Northern Manchuria, and who had been repatriated into this westernmost part of Greater China through Soviet Union territory. In the course of their odyssey they had—so it was credibly reported—become strongly indoctrinated with Communist ideas. General Sheng had *faute de mieux* been appointed by Nanking as Governor of the Province, in spite of the fact that he was an open *protégé* of Moscow and was dependent on the Soviet Union for military supplies and technical assistance.

Meanwhile, the southern half of the province was entirely removed from Chinese control. In September 1933 the Turkī leaders at Khotan had started a separate rebellion which partook of the nature of a *jihād* and attracted to itself Kirghiz and other nomad bands from the Tien Shan mountains as soon as it reached Kashgar. Here a so-called Independent Islamic Republic of Eastern Turkistan was set up under the leadership of a succession of Turkī (Chanto) notables. The movement was short-lived and, apart from the fact that it represented an attempt to organize a Central Asian state based on Islamic unity, it was chiefly of interest on account of the persistent, though baseless, allegations in the European Press that the new 'republic' had British support or that it was actually the creature of British policy in Central Asia. In February 1934 the Tungans,

who had been defeated in front of Urumchi by the intervention of Soviet troops and aeroplanes, arrived in good order at Kashgar and overthrew the new régime. They in their turn withdrew five months later at the approach of General Sheng's forces, which had gained ascendancy in the north, thanks to Russian help. Ma Chung-yin himself disappeared over the Russian frontier in extremely mysterious circumstances, accompanied by the Secretary of the Russian Consulate General.

Thus by the end of 1934 a nominal Chinese authority had been re-established over the greater part of Sinkiang. Its representative, in the person of General Sheng, owed his position, however, to Russian, far more than to Chinese, support, and it was plain that he could retain that position only for so long as he proved amenable to Russian wishes. The thread joining Nanking to its western dependency had, in fact, worn thin almost to vanishing point. In the opinion of Dr. Sven Hedin (given to the Moscow correspondent of *The Daily Telegraph*),<sup>1</sup> Sinkiang was already 'virtually a Russian protectorate'. This Russian dominance had been brought about mainly by an economic penetration of the province; and this had been facilitated by the use of modern transportation,<sup>2</sup> which rendered the old caravan routes connecting Sinkiang with the east economically obsolete. Commercial agreements had been concluded with the Governors of the Province in 1931 and 1933, and Russian Trade Commissioners and trading organizations had been established in all the principal centres. The trade of the province had been thus almost completely re-orientated towards Russia, and even imports from India were reported to be entering Sinkiang via Russian territory. Culturally also, Russian influence was growing, the Young Turkis turning from Chinese to Russian educational sources. All appearances pointed to the province being slowly but steadily assimilated—*de facto* if not *de jure*<sup>3</sup>—to the position of the Central Asian Soviet Republics and thus completing the chain of Moscow's satellite states which, upon the inclusion of Sinkiang, would stretch uninterruptedly from the Caucasus to the Manchurian border.

<sup>1</sup> See *The Daily Telegraph* of the 12th April, 1935. Dr. Sven Hedin had lately returned from a journey across Sinkiang, where he had been commissioned by the Chinese Government to survey routes for military roads.

<sup>2</sup> Although the Turk-Sib Railway did not actually touch the territory, 'feeder' lines were projected or under construction to points within the province.

<sup>3</sup> *De jure*, it seemed more likely that Sinkiang would continue, like Outer Mongolia, to be a theoretically independent Soviet state outside the framework of the Soviet Union, in contrast to the existing republics in Transoxania and Transcaspia, which were states members of the Union.

Besides China there were two other Powers that were especially interested in this spread of Russian influence.

So long as it had been under effective Chinese rule, Sinkiang had, for all practical purposes, formed part of the ring of buffer states round the frontier of India. The break in the ring which a Russian domination would involve could not fail to occupy the attention of the responsible Governments at Westminster and at Delhi. Although there was a formidable natural barrier between the two territories, traffic was constant over the passes leading from the Indian to the Kashgarian plain, and this traffic was presumably capable of serving as a carrier for the infiltration of Communist ideas into Indian territory. Moreover, the diversion of trade from India to Russia was, in itself, a matter for serious consideration.

Although Japan had a less obvious stake in Sinkiang, she was at pains to advertise the interest she felt in that country. The 'sovietization of Sinkiang' was referred to with apprehension in Mr. Hirota's speech on foreign affairs which was delivered in the Diet at Tokyo on the 22nd January, 1935; and, in a statement made to the Press, the spokesman of the Japanese Legation in Nanking emphasized the 'interest and concern' with which Japan was watching the developments taking place in Sinkiang. By these and similar allusions, the World was reminded that Japan had become a Continental Power with interests extending into the heart of Asia.

#### (e) TIBET

The recession of China, which had been marked in Manchuria by the advance of Japan and in Mongolia and Sinkiang by that of the Soviet Union, could be measured in Tibet by the expansion of British influence. In 1912, taking advantage of the revolution in China, Tibet had freed herself from Chinese domination in Lhasa.<sup>1</sup> Faced, thereafter, with a choice of looking for future support either to Great Britain or to Russia, she had elected to turn to the former, and had in subsequent years accepted British advice in the task of modernization on which she now began to embark. This Anglophil policy was largely due to the influence of the Dalai Lama, a man of unusually strong character who had resided temporarily in India and had become imbued with Western ideas during the exile that had been imposed on him by the Chinese Government in 1910.

On the 17th December, 1933, the Dalai Lama died, and in accordance with custom the ecclesiastical authorities entered on the task of

<sup>1</sup> For an account of Tibet's foreign relations prior to 1923, see the *Survey for 1920-3*, pp. 431-2.



identifying his successor in the person of the infant in whom his soul had become re-incarnated.<sup>1</sup> At Lhasa the political power continued to be primarily in the hands of the Council of State, but their authority tended to be challenged by the ultra-conservative element among the abbots of the chief monasteries, who had been kept in comparative subjection during the Dalai Lama's lifetime. *Prima facie* this reactionary element might be taken to be opposed to British influence and sympathetically disposed towards China.

The opportunity of recovering some of the ground lost at the time of the revolution was not let pass by the Government at Nanking. In the spring of 1934 the Government despatched a mission to Lhasa led by General Huang Mu-sung, the Vice-Chief of the General Staff, who was entrusted with a quantity of gifts amounting, according to reports, to over one hundred yak-loads, as well as with a seal and a patent of posthumous title for the deceased Dalai Lama. On arrival at Lhasa the methods used by the mission in their attempts to assert the suzerain status of China<sup>2</sup> seem to have been not entirely tactful. Manifestoes were placarded in the streets reminding the Tibetans of their inclusion among the 'five nations' of China and exhorting them to look to China as their 'friend and comforter'. The mission was said to have tried also to persuade the authorities to abolish the line of telegraphic communication which linked Lhasa to India and to accept instead a wireless station for communicating with Nanking. A polite negative from the Council of State was, so far as was ascertainable, the only result of the mission, and the attempt to re-establish Chinese authority by means of direct appeal ended in apparent failure.

There remained, however, another chance of success. The Panchen Lama of Tashi Lhunpo, who in spiritual matters was at the head of the hierarchy of Tibet and would, if precedents were followed, become the spiritual guardian of the infant Dalai Lama, had been living in China and Mongolia since he had gone into voluntary exile ten years earlier after a sharp conflict with the former Primate. The Nanking Government had studiously cultivated the friendship of their guest, which had been of no small service to them in their relations with the Inner Mongolians, among whom the Panchen

<sup>1</sup> The search for the infant was reported to be still proceeding in July 1935.

<sup>2</sup> It should be noted that, in the history of diplomatic relations between Great Britain and Tibet, the former never failed to recognize the principle of China's suzerainty. In particular it was recognized in the tripartite agreement of 1913 which was intended to establish the status of Tibet, but which the Chinese Government left unratified owing to their dissatisfaction with the territorial clauses.

Lama commanded profound veneration. The death of the Dalai Lama paved the way for the repatriation of the Panchen Lama, who was generally supposed to enjoy the support of the conservative party in Tibet. Should he return to Tibet, he might reasonably be expected to promote a policy favourable to China, where he had enjoyed high honours and a substantial subsidy at the hands of the Nanking Government. In August 1934 he left Nanking for Mongolia, supposedly *en route* for his own country; later it was reported that he had solicited the Government of India to facilitate his passage to Lhasa through Indian territory. At the end of the year he was, however, still on Chinese soil; and the assumption was that he had not yet succeeded in reaching satisfactory terms with the authorities in Tibet. The transient prospect of China recovering a measure of influence in this one part, at least, of her 'outer dominions' thus appeared to be fading away, although there remained many incalculable factors in the situation produced in Tibet by the death of the Dalai Lama.

## APPENDIX

### CHRONOLOGY OF EVENTS, 1934<sup>1</sup>

N.B. The following abbreviations are used in the references to the published texts of the treaties and documents: *Cmd.* = *British Parliamentary Paper*; *D.I.A.* = *Documents on International Affairs*; *L.N.M.S.* = *League of Nations Monthly Summary*; *L.N.O.J.* = *League of Nations Official Journal*; *L.N.T.S.* = *League of Nations Treaty Series*; *N.Y.T.* = *New York Times*; *T.I.* = *Treaty Information* (U.S.A.); *U.S.E.A.* = *United States Executive Agreement*; *U.S.T.S.* = *United States Treaty Series*.

#### *Abyssinia*

1934, Dec. 5. Fighting took place between Abyssinian and Italian troops at Wal Wal. Dec. 6, Abyssinian Government protested to Italy. Dec. 9, Abyssinian request for arbitration. Dec. 14, Italy rejected this proposal and Abyssinia appealed to League of Nations (for the text of these and all subsequent communications to the end of the year see *L.N.O.J.*, Feb. 1935, pp. 248-74).

See also under *Permanent Court of International Justice*, Aug. 13.

*Afghanistan.* See under *League of Nations*, Sept. 10-27.

#### *Albania*

1934, Sept. 17. Exchange of notes with U.S.S.R. regarding diplomatic and consular relations.

*Argentina.* See under *Bolivia*, May 25, July 12.

#### *Austria*

1934, Feb. 12-14. Fighting between Government forces, Heimwehr and Socialists in Vienna and Linz. Socialist Party suppressed.

Feb. 17. British, French and Italian Governments issued declaration on maintenance of Austrian independence (*D.I.A.* 1933, pp. 394-5).

Sept. 27, further declaration issued (*D.I.A.* 1934, p. 298).

March 17. Three protocols signed with Hungary and Italy regarding political and economic co-operation (*D.I.A.* 1933, pp. 396-8).

May 14, economic agreements signed.

May 1. Ratifications exchanged with Vatican of concordat of June 5, 1933.

May 1. Provisional constitution proclaimed which came into force by stages on July 1, July 15 and Nov. 1.

July 25. Nazi *Putsch* in Vienna, Styria and Carinthia. Murder of Herr Dollfuss.

July 30. Dr. Schuschnigg took office as Chancellor.

See also under *Inter-Governmental Debts*, June 15.

<sup>1</sup> In this chronology only a few treaties of political importance are included. For a full list of bilateral and multilateral treaties and conventions signed or ratified during the year 1934, see the supplementary volume, *Documents on International Affairs, 1934*.

*Balkan Entente*

1934, Feb. 9. Pact of Balkan Understanding and additional protocol signed by Greece, Yugoslavia, Rumania and Turkey (*D.I.A. 1933*, p. 408; *D.I.A. 1934*, pp. 300-1). March 27, further protocol reported to have been signed. Sept. 15, meeting of Permanent Council of Entente at Geneva. Oct. 19, joint meeting of Permanent Councils of Balkan Entente and Little Entente. Oct. 30-Nov. 2, Permanent Council met at Angora (text of *communiqués D.I.A. 1934*, pp. 302-4, 368).

*Belgium*

1934, Feb. 17. Death of King Albert, who was succeeded by his son Leopold III.

April 13. Agreement signed with Great Britain submitting Oscar Chinn case (fluvial transport on the waterways of the Belgian Congo) to the Permanent Court of International Justice (*Cmd. 4162*). Dec. 12, judgment delivered upholding contention of Belgian Government (*P.C.I.J.*, Series A/B, No. 63).

See also under *Currency*; *Disarmament*, March 6/8; *Inter-Governmental Debts*, June 8, June 15, Nov. 22.

*Bolivia*

1934, Jan. 7. Renewal of hostilities with Paraguay in Chaco after armistice. Paraguayan advance continued during February and March, but was checked in April.

Jan. 12. Statement made by League Commission of Inquiry (*L.N.O.J.*, Feb. 1934, pp. 261-2). Jan. 15, report submitted to Council by Committee of Three (*op. cit.*, pp. 263-4). Jan. 20, Council discussed situation.

Feb. 22. League Commission of Inquiry proposed peace and arbitration treaty to disputants (*L.N.O.J.*, July 1934, pp. 789-90). The treaty was not accepted by either party and attempts at direct negotiations under the auspices of the Commission were equally unsuccessful. March 14, Commission of Inquiry left South America.

May-July. Paraguayan offensive against Fort Ballivian.

May 12. Report of Commission of Inquiry issued (*League of Nations Publication*, 1934, vii. 1). May 17-19, Council discussed report and invited Committee of Three to study question of arms embargo.

May 25. Argentine Government proposed peace terms which were accepted, with modifications by Bolivia, but rejected by Paraguay (*L.N.O.J. Special Supplement No. 124*, p. 172).

May 28. President Roosevelt issued proclamation prohibiting sale of munitions in U.S.A. to Bolivia and Paraguay (*N.Y.T.*, May 29, 1934).

May 30-31. Further discussion by Council. May 31, Bolivia appealed to League under Article 15 of Covenant. June 1 and 7, Council discussed application of procedure under Art. 15. June 9, Bolivia asked Council to lay dispute before Assembly. June 11, Paraguayan note submitted with regard to Bolivian appeal (*L.N.O.J.*, July 1934, pp. 847-8). June 14, Committee of Three presented reports on

*Bolivia: cont.*

- (a) consultations with states members with regard to arms embargo; (b) Bolivian appeal under Art. 15 (*L.N.O.J.*, July 1934, pp. 837-9, 849-51).
- June 16. Presidents of Colombia and Peru sent identic messages to Presidents of Bolivia and Paraguay offering their collaboration in reaching a peaceful settlement (*L.N.O.J.*, July 1934, p. 850).
- July 12. Argentine Government put forward new proposal. July 26, Bolivian reply (*L.N.O.J. Special Supplement No. 124*, pp. 168-71).
- Aug. 15. Paraguayans began to advance into North Chaco. Sept. 23, counter-offensive by Bolivians, who gained further successes during October and the first fortnight of November.
- Sept. 7. Council considered reports from Committee of Three and decided to refer dispute to Assembly. Sept. 19 and 28, further discussions by Council.
- Sept. 10. Assembly considered dispute and referred it to its First and Sixth Committees. Sept. 27, resolutions adopted appointing Committee of Twenty-two to negotiate a peaceful settlement or prepare a draft report (extract from Assembly Records in *L.N.O.J. Special Supplement No. 124*).
- Sept. 25. It was announced that twenty-eight countries had informed the League Secretariat that they were taking steps to prohibit the export of arms to Bolivia and Paraguay. Guatemala, Mexico and Panamá had not yet put the embargo into force. Chile made her acceptance conditional on that of Japan, and Uruguay made hers conditional on that of neighbouring countries. Peru had made her acceptance conditional on that of Chile, but subsequently stated that she did not manufacture armaments. Japan stated that she could not take part in political action by the League, but that she had never exported arms to Bolivia or Paraguay.<sup>1</sup>
- Sept. 28. Committee of Assembly appointed Conciliation Sub-Committee which approached both Governments but failed to discover a basis for negotiations. Nov. 20-24, special session of Assembly held. Report of Committee adopted and Advisory Committee of 23 members appointed to follow the situation. Dec. 7 and 18, U.S. and Brazilian Governments accepted invitation to appoint members of proposed Neutral Supervisory Commission and to send representatives to Conference of American States at Buenos Aires. Neither Government, however, was prepared to take part in the work of the Advisory Committee. The Assembly's report was accepted by Bolivia on Dec. 10, but rejected by Paraguay on Dec. 18. (For proceedings of Assembly and Committees, see *L.N.O.J. Special Supplement No. 132*.)
- Nov. 14. Paraguayans began to advance on Pilcomayo front.
- Nov. 28. Resignation of Bolivian President, Señor Salamanca. Señor Tejada Sarzano succeeded him.
- Dec. 8-12. Paraguayan successes in North Chaco.

<sup>1</sup> For further details see *L.N.O.J.*, July 1934, pp. 827-43; and Nov. 1934, pp. 1582-1611.

*Brazil.* See under *Bolivia*, Sept. 28.

### *Bulgaria*

1934, May 14. Resignation of Monsieur Mušanov's Government. May 19, Colonel Georgiev carried out a *coup d'état* and formed a non-party government.

July 23. Protocol signed with U.S.S.R. establishing diplomatic relations.

Sept. 27-30. The King and Queen of Yugoslavia visited Sofia.

*Chile.* See under *Bolivia*, Sept. 25; *League of Nations*, Sept. 10-27.

### *China*

1934, Jan. 13. Surrender of Fukienese rebels at Foochow on Jan. 13 and at Changchow on Jan. 21.

Feb. 11. Japanese troops evacuated Shanhaikwan.

April 17. Japanese Foreign Office spokesman issued statement regarding interference by other Powers in East Asia and particularly in China. April 19/20, statements issued by Chinese Government and Chinese Legation in London.<sup>1</sup> April 25/26, inquiries made by British and U.S. Ambassadors in Tokyo. April 27, Japanese note addressed to France, Great Britain and the United States. April 29, U.S. note to Japan. April 30, statements issued by U.S. and British Governments. May 2, further Japanese statement issued. May 3, French note to Japan.

Aug. Revised draft of Permanent Constitution issued.

Aug.-Nov. Nanking Government undertook campaign against Communists who were eventually driven out of Fukien and Kiangsi into Kweichow and Hunan. Dec. 16, Communists reported to have been driven out of Kwangsi.

Aug. 20. Chinese note to U.S.A. regarding consequences of Silver Purchase Act. Sept. 23, U.S. reply. Sept. 24 and Oct. 2, further notes from Chinese Government. Oct. 12, further U.S. reply (*D.I.A. 1934*, pp. 228-33). Oct. 16, Chinese Government increased export duty on silver. Nov. 22, export of silver from China forbidden except by permission of Ministry of Finance.

See also under *League of Nations*, Sept. 10-27.

### *Colombia*

1934, May 24. Agreement signed with Peru at Rio de Janeiro regarding Leticia dispute (*D.I.A. 1934*, pp. 119-22). June 19, Leticia trapezium transferred by the League of Nations Commission to the Colombian authorities. Nov. 4, Peruvian Congress approved treaty.

See also under *Bolivia*, June 16.

### *Costa Rica*

1934, April 12. Central American fraternity treaty signed with Guatemala, Honduras, Nicaragua and Salvador (*D.I.A. 1934*, pp. 447-53).

<sup>1</sup> The text of this and certain of the ensuing documents is published in *D.I.A. 1934*, pp. 471-8.

*Cuba*

1934, Jan. 17. Dr. Grau San Martin resigned the Presidency. Dr. Hevia became President but was overthrown on the 18th. Colonel Mendieta succeeded him. Jan. 23, U.S.A. recognized Mendieta Government. May 30, treaty signed with U.S.A. replacing Platt Amendment and treaty of May 22, 1903, ratifications exchanged June 9 (*U.S.T.S.*, 866).

*Currency*

1934, Sept. 24/25. Meeting at Geneva of representatives of gold bloc countries (Belgium, France, Italy, Luxembourg, Netherlands and Switzerland). Oct. 20, protocol signed at Brussels by above states and Poland (*D.I.A. 1934*, pp. 234-6).

*Czechoslovakia*

1934, June 9. Exchange of notes with U.S.S.R. establishing diplomatic relations (*D.I.A. 1934*, pp. 402-3).

See also under *Disarmament*, May 28; *Inter-Governmental Debts*, June 15; *Security*, Feb. 17, April 22-24, Sept. 14, Dec. 5.

*Danzig*

1934, Jan. 24. Mr. Sean Lester succeeded Monsieur Rosting as League High Commissioner.

June 23. Harbour police agreement signed with Poland, in force from Oct. 1 (*L.N.O.J.*, Sept. 1934). Aug. 6, economic agreements signed, in force from Nov. 6 (*L.N.O.J.*, Nov. 1934).

*Denmark.* See under *Disarmament*, April 10, May 28.

*Disarmament*

1933, Nov. 15. French Government addressed note to Great Britain (France: Ministère des Affaires Étrangères: *Negociations relatives à la réduction et à la limitation des armements, 14 octobre, 1933-17 avril, 1934* (French Blue Book), pp. 9-10).

Dec. 5. French note addressed to Mr. Henderson, President of the Disarmament Conference (French Blue Book, pp. 11-12).

Dec. 13. French memorandum addressed to German Government (French Blue Book, pp. 13-14). Dec. 18, German memorandum presented to French Government. 1934, Jan. 1, French reply presented. Jan. 19, German counter-reply presented. Feb. 14, further French memorandum presented. March 13, further German memorandum presented (*D.I.A. 1933*, pp. 328-54).

Dec. 20. British note addressed to German Government. 1934, Jan. 22, German reply received.

Dec. 22. Conversations in Paris between Sir John Simon, M. Chautemps and M. Paul-Boncour.

1934, Jan. 3/4. Conversations between Sir John Simon and Signor Mussolini at Rome. The Italian memorandum presented on this occasion was published on Jan. 31 (*D.I.A. 1933*, pp. 354-60).

Jan. 17-March 16. Session of Technical Committee of National Defence Expenditure Commission.

*Disarmament: cont.*

- Jan. 19/20: Meeting of principal officers of Conference Bureau.
- Jan. 27. Letter of inquiry from Mr. Henderson to British, French and Italian Governments with regard to their negotiations with Germany. Feb. 7, Italian reply. Feb. 9 and 10, British and French replies (text of letter and French reply in French Blue Book, pp. 36-7, 48-9).
- Jan. 29. British memorandum addressed to all states represented at Conference (*D.I.A. 1933*, pp. 360-72). Feb. 6, statement made by Sir John Simon in House of Commons.
- Feb. 17-19. Mr. Eden visited Paris. He also visited Berlin on Feb. 20-22 and Rome on Feb. 25-28 and made a second visit to Paris on March 1, when on his way home (summary of Rome Conversations, *Cmd.* 4559).
- Feb. 19. U.S. memorandum handed to British Ambassador (*D.I.A. 1933*, pp. 372-3).
- March 6/8. References to question of German rearmament made by Belgian Prime Minister, the Comte de Broqueville, and the Foreign Minister, M. Hymans, in the Senate and Chamber of Deputies (*D.I.A. 1933*, pp. 373-5).
- March 17. French Government presented reply to British memorandum of Jan. 29 (*D.I.A. 1933*, pp. 375-80). March 28, British note regarding 'guarantees of execution' of proposed convention. April 6, French reply (French Blue Book, pp. 63-4). April 10, letter from Sir John Simon to French Ambassador in London (*D.I.A. 1933*, pp. 380-1).
- March 29. German military estimates published. April 11, German note replying to British inquiries regarding estimates (French Blue Book, pp. 66-7).
- April 10. Bureau of Conference met. April 14, memorandum on future work of Conference submitted by delegations of Denmark, Norway, Spain, Sweden and Switzerland (*D.I.A. 1934*, pp. 125-7).
- April 16. German Government issued statement regarding British memorandum of Jan. 29 (*D.I.A. 1933*, p. 384).
- April 17. French memorandum communicated to British Government (*D.I.A. 1933*, pp. 381-3).
- April 22. Conversations between Signor Suvich and Monsieur Doumergue in Paris. April 23-26, Signor Suvich visited London, returning to Rome by way of Brussels.
- April 23. Herr von Ribbentrop appointed Commissioner for Disarmament Questions by President von Hindenburg.
- April 27. Statement made by German Foreign Minister, Baron von Neurath (*The Times*, April 28, 1934).
- May 10-11. Conversations between Herr von Ribbentrop and representatives of British Government in London.
- May 10-11. Conversations between Mr. Henderson and Monsieur Barthou in Paris.
- May 17-19. Herr von Ribbentrop visited Rome.
- May 28. Meeting of Conference Bureau. May 29, General Commission resumed work. Statements made by Mr. Henderson, Mr. Norman



*Disarmament: cont.*

Davis and M. Litvinov. May 30, statements made by Sir John Simon and M. Barthou. June 1, declaration put forward by Denmark, Netherlands, Norway, Sweden and Switzerland. Resolution put forward by Turkey with the support of Greece and the Little Entente. June 5, draft resolution put forward by Mr. Henderson but rejected by Monsieur Barthou. June 6, French counter-proposal put forward. June 8, compromise resolution adopted regarding work of Committees and Bureau. Appointment of committees on security and execution of guarantees. June 11, adjournment of General Commission (*D.I.A. 1934*, pp. 127-74). June 13, meeting of Committee on Guarantees. June 18, Security Committee began work. It adopted a report on June 25 (*L.N.M.S.*, June 1934).

June 18-July 16. Preliminary conversations with regard to naval armaments took place between expert representatives of Great Britain, Japan and U.S.A. and also of France, Great Britain and Italy. Oct. 23-Dec. 19, further conversations. Nov. 22, statement made by Sir John Simon in House of Commons. Nov. 23, statement by Japanese Ambassador at Washington. Dec. 6, statement by Mr. Norman Davis. Dec. 19, negotiations adjourned, *communiqué* issued and further statement made by Sir John Simon. Dec. 29, Japanese Government gave two years' notice of denouncing Washington Treaty (*D.I.A. 1934*, pp. 486-503).

Nov. 5. In a communication to members of the Conference Bureau, Mr. Henderson proposed that, instead of waiting for the completion of the Convention, separate protocols might be drawn up with regard to arms traffic, budgetary publicity and the Permanent Disarmament Commission.

Nov. 20. Meeting of Conference Bureau.

Nov. 30-Dec. 2. Conversations between Herr von Ribbentrop and M. Laval.

Dec. 3-17. Technical Committee of National Defence Expenditure Committee met and drew up a report.

See also under *Security*; *U.S.A.*, Feb. 28, April 12.

*Ecuador.* See under *League of Nations*, Sept. 10-27.

*Egypt*

1934, April 25. Ratifications exchanged with Italy of agreement of Dec. 6, 1925, regarding frontier of Cyrenaica.

July 20. Agreement signed with Great Britain and Italy regarding delimitation of Libyan-Sudanese frontier, came into force same day (*Cmd. 4694*).

Nov. 6. Yahyā Pasha's cabinet resigned. Nov. 15, Nissim Pasha formed a Government. Nov. 30, Decree signed abrogating constitution of 1930 and dissolving parliament.

*Estonia*

1934, Feb. 17. Convention signed with Latvia organizing alliance, ratifications exchanged July 5 (*L.N.T.S.*, 150).

*Estonia: cont.*

April 4. Protocol signed with U.S.S.R. prolonging non-aggression pact of May 4, 1932, for 10 years, ratifications exchanged June 26 (*L.N.T.S.*, 150).

Sept. 12. Treaty and declaration regarding good understanding and co-operation signed with Latvia and Lithuania, ratifications exchanged Nov. 3 (*D.I.A. 1934*, pp. 188-90).

See also under *Inter-Governmental Debts*, June 15; *Security*, July 23-27.

*Finland*

1934, April 7. Protocol signed with U.S.S.R. prolonging non-aggression pact of Jan. 21, 1932, ratifications exchanged Dec. 19.

See also under *Inter-Governmental Debts*, June 15, Nov. 22; *Security*, Jan. 21.

*France*

1934, Jan. 27. M. Chautemps' Government resigned. Jan. 30, M. Daladier formed a Government. Feb. 6-7, riots in Paris. Feb. 7, resignation of M. Daladier's Government. Feb. 9, M. Doumergue formed a Government with M. Barthou as Foreign Minister.

March 17. Permanent Court of International Justice upheld French claim against Greek Government in lighthouses case (text of judgment in *P.C.I.J.*, Series A/B, No. 62).

May 25. Speech on foreign policy by M. Barthou in Chamber of Deputies (*Le Temps*, May 27, 1934).

Oct. 9. Assassination of M. Barthou at Marseilles.

Oct. 15. Death of M. Poincaré.

Nov. 8. Resignation of M. Doumergue's Government. Nov. 9, M. Flandin formed a Government.

See also under *Austria*, Feb. 17; *China*, April 18; *Currency*; *Disarmament*; *Hungary*, Nov. 22; *Inter-Governmental Debts*, June 8, June 15, Nov. 22; *Palestine*; *Saar*; *Security*.

*Germany*

1934, Jan. 26. Non-aggression pact signed with Poland, ratifications exchanged Feb. 4 (*D.I.A. 1933*, pp. 424-5).

Jan. 30. Speech by Herr Hitler in Reichstag on anniversary of his coming into power (*D.I.A. 1934*, pp. 321-30).

June 14-16. Conversations between Herr Hitler and Signor Mussolini at Venice.

June 30. A 'clean up' took place, in the course of which certain S.A. leaders and many other persons suspected of opposing the existing régime were put to death.

Aug. 2. Dr. Schacht, President of the Reichsbank, appointed Minister for Economics.

Aug. 2. Death of President von Hindenburg. Herr Hitler succeeded him, taking the title of Führer and Chancellor. His appointment was confirmed by a plebiscite held on Aug. 19.

*Germany: cont.*

- Sept. 19. Speech on foreign policy by Baron von Neurath, German Foreign Minister (*D.I.A. 1934*, pp. 331-6).  
See also under *Disarmament*; *Inter-Governmental Debts*, April 3; *Memel*; *Saar*; *Security*.

*Great Britain*

- See under *Austria*, Feb. 17; *Belgium*, April 13; *China*, April 18; *Disarmament*; *Egypt*; *India*; *Inter-Governmental Debts*, June 4, June 15, Nov. 22; *Palestine*; *Saar*, Sept. 27; *Security*; *Transjordan*.

*Greece*

- 1934, Sept. 7. Ratifications exchanged with Turkey of friendship pact of Sept. 14, 1933 (*D.I.A. 1933*, pp. 407-8).  
See also under *Balkan Entente*; *Disarmament*, May 28; *France*, March 17; *Inter-Governmental Debts*, June 15; *Permanent Court of International Justice*, Aug. 13.

*Guatemala. See under Bolivia, Sept. 25: Costa Rica.**Haiti*

- 1934, Jan. 1. Treaty of Aug. 7, 1933, regarding Haitianization and financial questions came into force with U.S.A. (*L.N.T.S.*, 146).  
July 24, agreement signed regarding earlier withdrawal of U.S. forces (*U.S.E.A.*, 68). Aug. 6, all U.S. marines withdrawn.

*Honduras. See under Costa Rica.**Hungary*

- 1934, Feb. 6. Diplomatic relations established with U.S.S.R.  
May 8. Hungary appealed to League Council regarding incidents on Hungaro-Yugoslav frontier (*L.N.O.J.*, June 1934, pp. 682-713).  
May 14, preliminary discussion of question by Council. June 4, Yugoslav communication addressed to Council (*L.N.O.J.*, June 1934, pp. 713-37). June 5, further discussion by Council. July 21, Hungaro-Yugoslav agreement signed.  
Nov. 22. Yugoslavia appealed to League Council with regard to responsibility of Hungary in connexion with the assassination of King Alexander (text of communications *L.N.O.J.*, Dec. 1934, pp. 1765-6, 1772-1828). Dec. 5, Yugoslav Government began deporting Hungarians from its territory. Dec. 7-10, dispute came before Council. Dec. 8, Hungarian memorandum submitted to Council (*L.N.O.J.*, Dec. 1934, pp. 1829-38). Dec. 9, Letter from French Government to Secretary-General with regard to international convention for suppression of terrorism (*D.I.A. 1934*, pp. 114-16). Dec. 9, Yugoslav Government ordered deportations to cease. Dec. 10, League Council adopted resolution with regard to dispute, and appointed committee to study question of terrorism (*D.I.A. 1934*, pp. 112-14).  
See also under *Austria*, March 17; *Inter-Governmental Debts*, June 15; *Permanent Court of International Justice*, Aug. 13.

*India*

- 1934, Feb. 11. Friendship and mutual co-operation treaty signed between India, Great Britain and the Yaman, ratifications exchanged Sept. 4 (*Cmd.* 4572).
- June 1. Exchange of notes between India, Great Britain and Siam regarding the frontier of Burma (*Cmd.* 4671).
- Nov. 21. Publication of the report of the Parliamentary Joint Committee on Indian Constitutional Reform (*House of Lords Papers and Bills, session 1933-4* (6)).

*Inter-Governmental Debts*

- 1934, April 3. Germany made token payment of instalment due to U.S.A. for mixed claims and costs of army of occupation. June 30, U.S. Government decided to discontinue release of German credit balances seized during the war so long as Germany failed to meet her obligations more fully.
- April 13. President Roosevelt signed Johnson Act prohibiting financial transactions with foreign defaulting states (*D.I.A. 1934*, p. 194).
- May 5, U.S. Attorney-General gave ruling that debt instalments must be paid in full to avoid default (*N.Y.T.*, May 6, 1934). May 11-12, debtor states were informed that token payments would be accepted in future but that states making such payments might be held to be in default under the Johnson Act.
- May 25. Identic notes from U.S. Government to debtor states (*D.I.A. 1934*, pp. 194-5).
- June 1. Special message from President Roosevelt to Congress (*D.I.A. 1934*, pp. 195-6).
- June 4. British reply to U.S. Government. June 12, second U.S. note. June 27, further British reply (*D.I.A. 1934*, pp. 196-205).
- June 8. The Belgian Government replied to the U.S. Government on June 8, the French Government on June 12, and the Italian Government on June 14 (*D.I.A. 1934*, pp. 205-7).
- June 15. Finland paid full debt instalment due to U.S.A. No payments were made by the other debtor states (Austria, Belgium, Czechoslovakia, Estonia, France, Great Britain, Greece, Hungary, Italy, Jugoslavia, Latvia, Lithuania, Poland and Rumania).
- Nov. 22. U.S. Government sent identic notes to debtor states regarding December instalments. Replies were received from Great Britain on Dec. 10, from Finland on Dec. 11, from Belgium and France on Dec. 13, and from Italy and Poland on Dec. 14 (*D.I.A. 1934*, pp. 208-11). No country but Finland made any payment on Dec. 15.

*‘Irāq*

- 1934, Nov. 29. ‘Irāq referred frontier dispute with Persia to League Council. Dec. 9/17, letters exchanged between ‘Irāqī and Persian Governments with regard to submission of dispute to Council. Dec. 23, Persia agreed to be present at session of Council in January 1935 (text of correspondence in *L.N.O.J.*, February 1935, pp. 198-216, 240-1).

*Italy*

1934, Jan. 18. Expiry of treaty of conciliation and friendship with Rumania of Sept. 16, 1926 (*L.N.T.S.*, 67).

See also under *Abyssinia*; *Austria*, Feb. 17, March 17; *Currency*; *Disarmament*; *Egypt*, April 25, July 20; *Germany*, June 14-16; *Inter-Governmental Debts*, June 8, June 15, Nov. 22; *Saar*, Sept. 27; *Security*, June 14/16, July 13, Sept. 10.

*Japan*

1934, Jan. 23. Statements on foreign policy made by the Prime Minister, Viscount Saito, and Mr. Hirota, the Minister for Foreign Affairs, at opening session of Diet (*N.Y.T.*, Jan. 23, 1934).

Feb. 21. Mr. Hirota sent a message of friendship to the United States Secretary of State on the occasion of the arrival of the new Japanese Ambassador to the U.S.A., Mr. Hiroshi Saito. March 3, Mr. Cordell Hull replied to this message (*D.I.A. 1934*, pp. 465-7).

July 3. Resignation of Viscount Saito's Cabinet. July 8, Admiral Okada took office as Prime Minister.

See also under *Bolivia*, Sept. 25; *China*, Feb. 11, April 18; *Disarmament*, June 18.

*Jugoslavia*

1934, Oct. 9. Assassination of King Alexander at Marseilles. A Council of Regency was appointed to rule in the name of his young son Peter II.

See also under *Balkan Entente*; *Bulgaria*, Sept. 27-30; *Disarmament*, May 28; *Hungary*, May 8, Nov. 22; *Inter-Governmental Debts*, June 15; *Security*, Feb. 17, June 20-23, Sept. 14.

*Latvia*

1934, April 4. Protocol signed with U.S.S.R. prolonging non-aggression pact of Feb. 5, 1932; ratifications exchanged June 2 (*L.N.T.S.*, 148).

See also under *Estonia*, Feb. 17, Sept. 12; *Inter-Governmental Debts*, June 15; *Security*, July 23-27.

*League of Nations*

1934, Jan. 15-20. Seventy-eighth session of Council.

May 14-19. Seventy-ninth session of Council.

May 30-June 13. Twenty-fifth session of Permanent Mandates Commission.

May 31-June 7. Eightieth (extraordinary) session of Council.

June 4. Entry into force of amendment of Nov. 15, 1922, and protocol of June 14, 1923, modifying Art. 393 of Versailles Treaty and corresponding articles of other treaties of peace concerning the Governing Body of the International Labour Organization (*L.N.T.S.*, 149).

June 4-23. Eighteenth session of International Labour Conference. Draft Conventions adopted on unemployment insurance and on regulation of hours of work in automatic sheet-glass works. Revision

*League of Nations: cont.*

of existing draft conventions on night work for women and compensation for occupational diseases.

Aug. 20. U.S.A. became a member of the International Labour Organization.

Sept. 7-15. Eighty-first session of Council.

Sept. 10-27. Fifteenth ordinary session of Assembly. Afghanistan, Ecuador and U.S.S.R. admitted to membership. Chile and Turkey were elected to succeed Panamá and China on the Council. Spain was re-elected, and U.S.S.R. was elected to a new permanent seat.

Sept. 19-28. Eighty-second session of Council.

Oct. 29-Nov. 12. Twenty-sixth session of Permanent Mandates Commission.

Dec. 5-11. Eighty-third (extraordinary) session of Council.

See also under *Abyssinia*; *Bolivia*; *Colombia*; *Danzig*, Jan. 24; *Disarmament*; *Hungary*, May 8, Nov. 22; *Irāq*; *Palestine*; *Poland*, Sept. 13; *Saar*.

*Lithuania*

1934, April 4. Protocol signed with U.S.S.R. prolonging non-aggression pact of Sept. 28, 1926, for 10 years.

See also under *Estonia*, Sept. 12; *Inter-Governmental Debts*, June 15; *Memel*.

*Luxembourg*. See under *Currency*.

*Manchukuo*

1934, March 1. Mr. Henry Pu Yi was enthroned as Emperor, with the reign-title of Kang Tê.

*Memel*

1934, June 28. The Lithuanian Governor dismissed Dr. Schreiber's Directorate and appointed an all Lithuanian Directorate under M. Reizgys. July 4/5, German Government made representations to signatory Powers of 1924 convention. Sept. 14/27, German Vice-President of Landtag addressed petitions to signatories of convention. Dec. 7, new Directorate appointed with M. Bruvelaitis as President. Dec. 14, trial began of 126 Germans accused of complicity in Nazi plot.

*Mexico*. See under *Bolivia*, Sept. 25.

*Netherlands*. See under *Currency*; *Disarmament*, May 28; *Saar*, Sept. 27.

*Nicaragua*. See under *Costa Rica*.

*Norway*. See under *Disarmament*, April 10, May 28.

*Palestine*

1934, Feb. 15. French and British Governments asked League Council to approve agreement of March 7, 1923, defining Syro-Palestinian

*Palestine: cont.*

frontier. May 14, League Council referred question to Permanent Mandates Commission, which considered it on May 30 and raised no objections.

*Panamá.* See under *Bolivia*, Sept. 25; *League of Nations*, Sept. 10-27.

*Paraguay.* See under *Bolivia*.

*Permanent Court of International Justice*

1934, Feb. 1-March 22. Thirty-first (ordinary) session held.

May 15. Thirty-second (extraordinary) session opened.

Aug. 13. Hungary renewed her acceptance of the optional clause of the Statute of the Court for five years from Aug. 13. Greece renewed her acceptance for five years from Sept. 12 and Abyssinia for two years from Sept. 18.

Oct. 22-Dec. 12. Thirty-third (extraordinary) session held.

See also under *Belgium*, April 13; *France*, March 17.

*Persia.* See under '*Irāq*.'

*Peru.* See under *Bolivia*, June 16, Sept. 25; *Colombia*.

*Poland*

1934, May 5. Protocol signed with U.S.S.R. prolonging non-aggression pact of July 25, 1932, for ten years, ratifications exchanged June 16.

Sept. 13. Colonel Beck stated at the League Assembly that, pending the introduction of a general system for the protection of minorities, Poland would refuse all supervision by international organizations of the application of the present system.

See also under *Currency*; *Danzig*, June 23; *Germany*, Jan. 26; *Inter-Governmental Debts*, June 15, Nov. 22; *Security*, April 22-24, July 23-27, Sept. 12, Sept. 27.

*Rumania*

1934, May 12. Ratifications exchanged with Turkey of treaty of friendship, non-aggression and arbitration of Oct. 17, 1933 (*T.I.*, Nov. 1933).

June 9. Exchange of notes establishing diplomatic relations with U.S.S.R. (*D.I.A.* 1934, pp. 403-4).

See also under *Balkan Entente*; *Disarmament*, May 28; *Inter-Governmental Debts*, June 15; *Italy*, Jan. 18; *Security*, Feb. 17, June 20-23, Sept. 14.

*Saar*

1934, Jan. 20. League Council adopted resolution appointing Committee of Three to study question of preparations for plebiscite (*D.I.A.* 1934, p. 6).

*Saar*: cont.

- June 1/2. Exchange of letters between Chairman of Committee of Three and French and German Governments regarding freedom of voting and guarantees against reprisals (*D.I.A. 1934*, pp. 13-16).  
 June 4. League Council adopted report of Committee containing resolutions on electoral procedure and the Plebiscite Commission and Tribunal (*D.I.A. 1934*, pp. 6-13; and *L.N.O.J.*, June 1934, pp. 644-56).  
 Aug. 31. French aide-mémoire submitted to Council (*D.I.A. 1934*, pp. 30-6). Sept. 8, aide-mémoire discussed by Council.  
 Sept. 27. Further discussion by Council. M. Barthou made statement with regard to maintenance of order. Oct. 30, reports appeared in the press with regard to French preparations for intervention.  
 Nov. 5 and 15, Sir John Simon and other spokesmen of British Foreign Office stated that no British troops would be sent to the Saar. Nov. 30, statement by M. Laval proposing international action. Dec. 5, League Council, with full approval of British representative, decided to invite Governments of Great Britain, Italy, the Netherlands and Sweden to take part in sending international force to Saar. Dec. 11, Council placed international force at disposal of Saar Governing Commission. Dec. 22, arrival of troops in Saar (text of statements and Council resolutions, *D.I.A. 1934*, pp. 55-62).  
 Dec. 2/3/4. Exchanges of letters between Chairman of Committee of Three and French and German Governments regarding (a) guarantees against reprisals for non-voters; (b) removal of property by persons leaving the Saar (*D.I.A. 1934*, pp. 48-51).  
 Dec. 3. Franco-German economic agreement signed (*D.I.A. 1934*, pp. 51-5).  
 Dec. 4. Committee of Three completed its report (*D.I.A. 1934*, pp. 36-48). Dec. 5/6, Council discussed and adopted report.

*Salvador*. See under *Costa Rica*.

*Sa'ūdī Arabia*

- 1934, March 23. War broke out between Sa'ūdī Arabia and Yaman. May 13, armistice declared. May 20, treaty of Islamic friendship and Arab fraternity concluded at Tā'if; ratified by Ibn Sa'ūd on June 8 and by Imām of Yaman on June 19. Publication of treaty, June 23 (*D.I.A. 1934*, pp. 458-64).

*Security*

- 1934, Jan. 21. Finland deposited ratification of accession to convention on definition of aggression signed by U.S.S.R. and 7 neighbouring states on July 3, 1933. March 23, Turkey deposited ratification.  
 Feb. 17. Czechoslovakia, Yugoslavia, Rumania and U.S.S.R. deposited ratifications of convention on definition of aggression signed on July 4, 1933. March 23, Turkey deposited ratification.  
 March 28. M. Litvinov put forward proposal that German Government should take part in protocol guaranteeing independence of Baltic States. April 14, German Government rejected proposal.



*Security: cont.*

- April 22-24. M. Barthou visited Warsaw on April 22-24 and Prague on April 26-28.
- May 18. Conversation between M. Barthou and M. Litvinov at Geneva with regard to an East European Pact of non-aggression and mutual assistance.
- June 16/18. Conversations between Herr von Ribbentrop, M. Barthou and M. Doumergue in Paris.
- June 20-23. M. Barthou visited Bucharest on June 20-23 and Belgrade on June 24-26.
- July 8-10. M. Barthou visited London to discuss proposed pact.
- July 12. British Ambassador in Berlin presented German Government with drafts of 'Eastern Locarno' pact, Franco-Russian pact and general convention.
- July 13. Statement by Sir John Simon in House of Commons (*D.I.A. 1934*, pp. 175-82).
- July 13. Italian Government issued statement (*D.I.A. 1934*, p. 182).
- July 13. M. Barthou referred to London conversations in a speech at Bayonne (*D.I.A. 1934*, pp. 182-3).
- July 18. Soviet Ambassador informed British Government that U.S.S.R. would give guarantees of security to Germany as well as to France.
- July 23-27. Polish Foreign Minister visited Tallinn and Riga. July 30, Estonian and Latvian Foreign Ministers informed M. Litvinov that their Governments had favourably considered the idea of a pact including Germany and Poland, but that they reserved the right to propose amendments to it.
- Sept. 10. German note virtually rejecting Eastern Pact presented to British, French, Italian and Soviet Governments.
- Sept. 12. Polish Foreign Minister informed British Government that Poland could not take part in pact.
- Sept. 14. Little Entente Council decided to support pact.
- Sept. 27. Polish memorandum regarding pact sent to French Government. Nov. 25, further French note to Poland.
- Dec. 5. Agreement signed by which France and U.S.S.R. undertook to enter into no bilateral agreements without consulting each other, so long as the Eastern Pact question remained undecided. Statements regarding agreement were made by M. Litvinov on Dec. 9 and by M. Laval on Dec. 18 (*D.I.A. 1934*, pp. 184-7). Dec. 11, Czechoslovakia acceded to agreement.
- See also under *Disarmament*, May 28; *Germany*, June 14-16.

*Siam.* See under *India*, June 1.

*South-west Africa*

- 1934, Nov. 29. Legislative Assembly voted resolution in favour of merging territory in Union of South Africa.

*Spain*

- 1934, Oct. 1. Resignation of Señor Samper's Government. Señor

*Spain: cont.*

Lerroux formed a Radical-Catholic Government. Oct. 5, Socialists, Communists and Syndicalists declared general strike, revolutionary outbreaks began in Madrid and in the provinces, especially in Catalonia and Asturias. Oct. 8, Government forces put down revolt in Barcelona. Oct. 12, Oviedo recaptured from Asturian rebels. Oct. 23, revolt in Asturias reported to have been suppressed.

See also under *Disarmament*, April 10, May 28; *League of Nations*, Sept. 10-27.

*Sweden.* See under *Disarmament*, April 10, May 28; *Saar*, Sept. 27.

*Switzerland.* See under *Currency*; *Disarmament*, April 10, May 28.

*Transjordan*

1934, June 2. Agreement signed with Great Britain modifying provisions of agreement of Feb. 20, 1928, with regard to diplomatic and consular representation (*Cmd.* 4661).

*Turkey.* See under *Balkan Entente*; *Disarmament*, May 28; *Greece*; *League of Nations*, Sept. 10-27; *Rumania*, May 12; *Security*, Jan. 21, Feb. 17.

*U.S.A.*

1934, Jan. 21. Devaluation of dollar to 59.06 per cent. of previous value (text of proclamation *D.I.A.* 1934, pp. 219-22). Jan. 30, Gold Reserve Act became law.

Feb. 28. Senate adopted Joint Resolution to prohibit exportation of arms under certain conditions, such prohibition to apply to all parties in the dispute to which it refers (*D.I.A.* 1934, p. 459).

April 12. Senate decided to appoint Committee to investigate arms trade. Sept. 4, opening of inquiry.

June 19. Silver Purchase Act became law. June 28, embargo imposed on export of silver. Aug. 9, proclamation issued with regard to purchase of silver (*D.I.A.* 1934, pp. 226-9).

Nov. 6. Large gains for Democratic Party in national elections.

See also under *Bolivia*, May 28, Sept. 28; *China*, April 18, Aug. 20; *Cuba*; *Disarmament*, Feb. 19, May 28, June 18; *Haiti*; *Inter-Governmental Debts*; *Japan*, Feb. 21; *League of Nations*, Aug. 20.

*U.S.S.R.*

1934, Jan. 27. Speech on foreign policy by Stalin to All-Union Communist Party Congress (summary, *Manchester Guardian*, Jan. 29, 1934).

See also under *Albania*, Sept. 17; *Bulgaria*, July 23; *Czechoslovakia*, June 9; *Disarmament*, May 28; *Estonia*, April 4; *Finland*, April 7; *Hungary*, Feb. 6; *Latvia*; *League of Nations*, Sept. 10-27; *Lithuania*; *Poland*, May 5; *Rumania*, June 9; *Security*.

*Uruguay.* See under *Bolivia*, Sept. 25.

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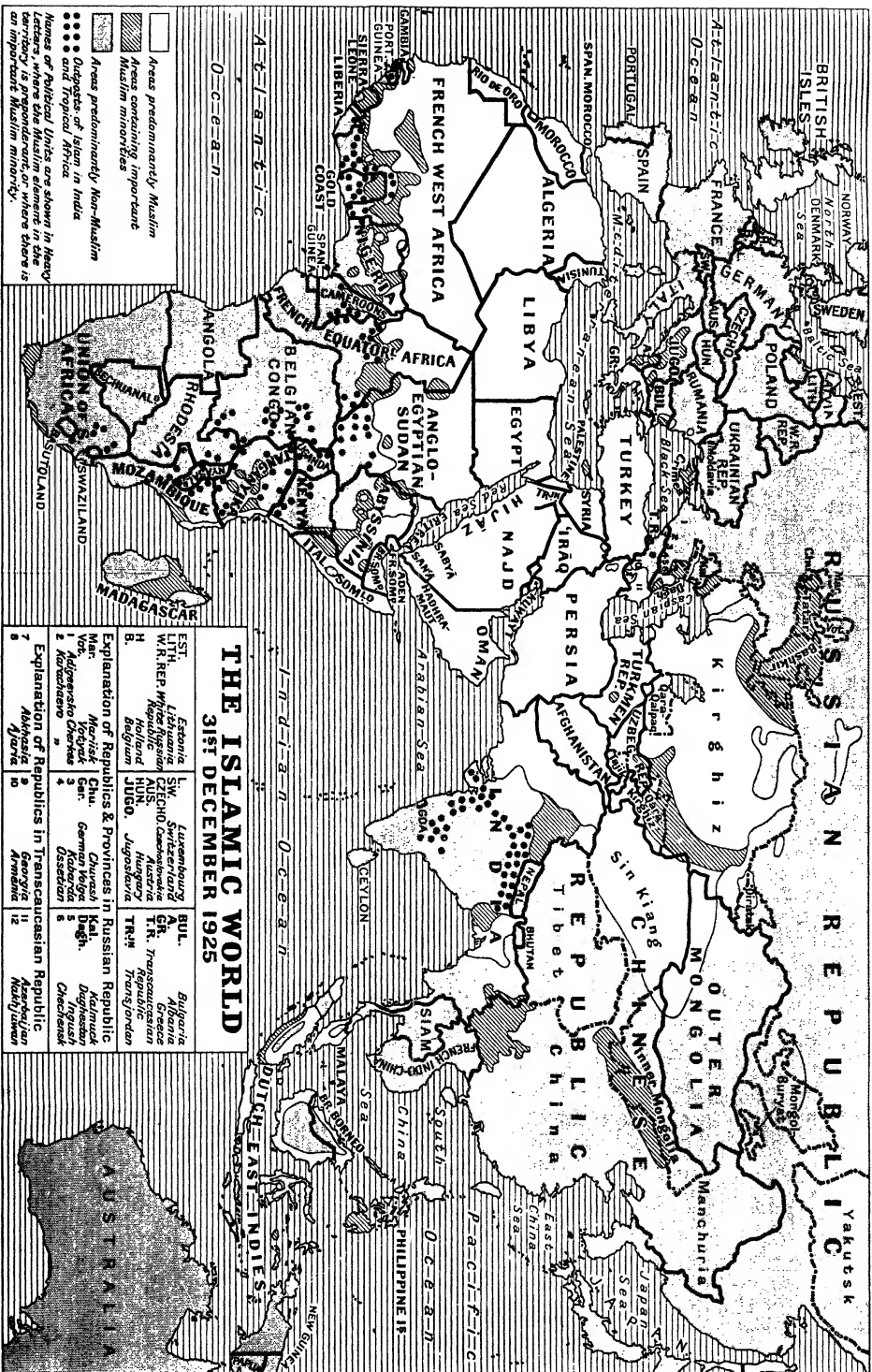
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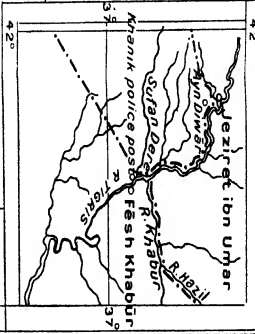
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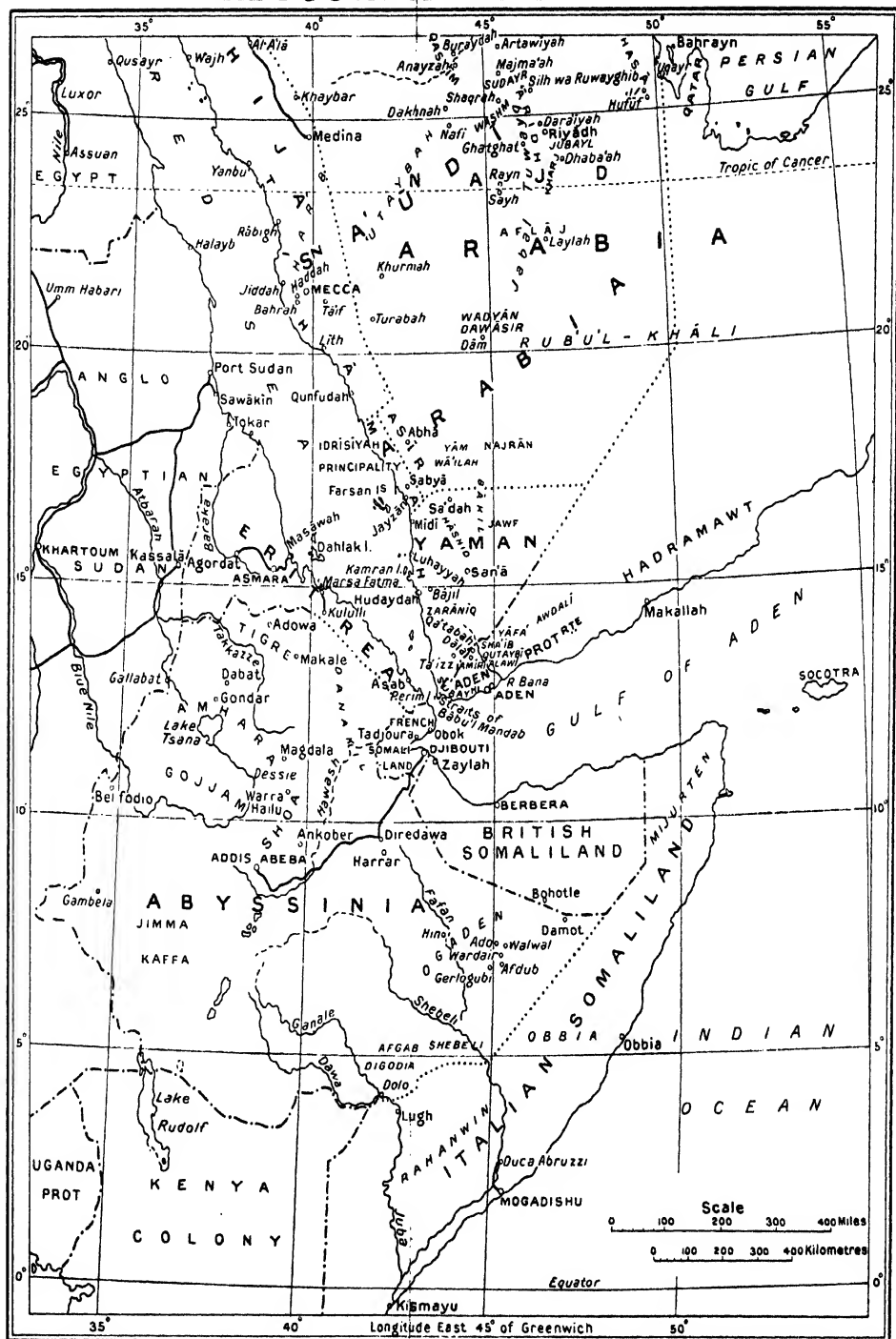




This map shows the border region between the USSR and Iran. The R. Tigris flows from the north, and the R. Karun flows from the south. Key settlements include Nisibin, Jeziret ibn Umar, and Urumiyah. The map also indicates the location of the 'Mamak police post' and the 'Mamak police post' near the 'Mamak police post'. The border is marked with a dashed line, and the area is divided into sections labeled 'T', 'R', 'K', 'E', 'A', 'Y', 'A', 'R', 'I'. The map includes a scale bar and a north arrow.



# ABYSSINIA AND ARABIA.



[illegible]

Through Railways .....  
Connecting " .....  
Railways under construction.....

**PERSONS PER SQUARE MILE**

- Over 512
- 128 to 512
- 64 to 128
- 26 to 128

Over 512  
128 to 512  
26 to 128  
2 to 26  
Under 2

B. Basra  
F. B. Franco-British  
G. G. Gibraltar  
C.B. Great Britain  
H. Holland  
N. Z. New Zealand  
P. T. Portuguese Timor  
P. A. Port Arthur  
S. Suz  
Si. Singapore  
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